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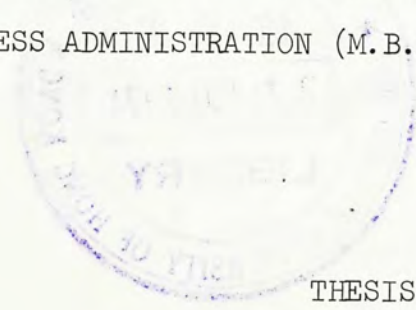
A CASE STUDY OF A CHINESE GARMENT FACTORY IN HONG KONG

by

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CHAPTER I
AN OVERALL VIEW OF THE COMPANY

(1) Introduction

Within two decades Hong Kong has developed from an entrepot port to a famous industrial city in the world. In March 1950, there were only 1,520 registered industrial establishments and 51,300 employees working in those industrial establishments.¹ But in March 1970, the numbers grew to 15,285 and 569,000, respectively.² In December 1972, the Labour Department had a record of 21,386 industrial undertakings employing a total of 619,684 workers.³ The value of domestic export also increased tremendously from HK\$2,867 million in 1960⁴ to HK\$15,245 million in 1972.⁵

The continuous development of industry in Hong Kong gradually brings problems to entrepreneurs in keeping their business profitable.

¹Hong Kong Government, Census and Statistics Department, Hong Kong Statistics 1947 - 1967, (Hong Kong, 1969), and Hong Kong Monthly Digest of Statistics, (August, 1970).

²Hong Kong Government, Census and Statistics Department, Hong Kong Monthly Digest of Statistics, (August, 1970).

³Hong Kong Government, Hong Kong Annual Report, (1973).

⁴Hong Kong Government, Census and Statistics Department, Hong Kong Statistics 1947 - 1967, (Hong Kong, 1969).

⁵Hong Kong Government, Hong Kong Annual Report, (1973).

First is the growing size of business. In many cases, success means growth. New addition of products, new markets and customers, expanded sales volume and production capacity, increased number of employees, and new technology, all combine together to complicate the operation of a business. A entrepreneur must adopt a new way to manage his business.

Secondly, because of the cheaper prices of Hong Kong made products, Hong Kong manufacturer has successfully penetrated markets in developed countries. This provoked foreign governments to impose import restrictions on Hong Kong products. As those restrictions are in terms of quantity units, one way to get through is to improve product quality. In this respect, more sophisticated management is required.

Thirdly, the continuous expansion of industry in Hong Kong causes a critical shortage of labour. Labour cost has soared up to the point that profit margin shrinks to marginal. Moreover, the cost of land also rises to the effect that profit margin is further reduced. Life is not so easy as it has been.

All these factors cause many entrepreneurs to take a new look on the performance of their employees. An old established Chinese garment factory, enjoying prosperity and growth for many years, wants to improve its organizational performance to cope with the environmental changes so that it will still remain profitable year in and year out. The case is described in this thesis to illustrate the changes a factory could make to improve its organizational performance.

Textile industry not only dominates Hong Kong's economy, accounting for 50 percent of its domestic export and 46 percent of its industrial labour force, but is also a significant factor in international trade in textiles. This situation is likely to continue for some time despite the fact that the total number of export restraint agreements now in force will severely limit the industry's future growth rate.⁶ A case study on a Chinese garment factory is therefore both representative and appropriate.

(2) Methods of Gathering Information

The factory in which the research was made was a subsidiary of a well established garment manufacturing company produced shirts only. It had only a shirt factory of its own. It subcontracted work to outsiders during peak period. Unfortunately, the shirt factory was burned down in early 1972. After the fire, the company reorganized into a holding company and diversified into different garment product lines. It first established a subsidiary factory for the production of shirts. The sales function remained with the holding company, which subcontracted orders to the subsidiary factory for production. There was also a subsidiary factory producing trousers and another subsidiary lady's wear factory in planning. The research was conducted in the subsidiary shirt factory.

Methods used for data gathering included observation, interview, and collection of statistical data from company records.

⁶Hong Kong Government, Hong Kong Annual Report, (1973).

Intensive observation was most widely used because it caused the least disturbance to people at work. It also provided the observer with direct and personal knowledge of the non-going activities of the organization, the natural behaviour of individuals or groups at work, and the prevailing organization climate that existed.

For those which could not be discovered by mere observation, as well as the feeling and motives in personality implicit to the outsiders, interview was used, in an undirected manner. It was found that people in the organization were not willing to air their opinion or reveal their true feeling. Consequently, the success of the interview owed no small part to the friendly relationships between the interviewer and the interviewee, and the congenial setting of the interview. Nearly all the interviews were in a general conversation form, or just a casual chatting. However, the purpose and direction of these conversation and chatting were lay out in advance. Any slight comment, slip of a tongue, and even peculiar gesture or expression on the face were carefully noted and recorded afterwards.

Statistical data on sales, production and personnel were collected from past records. But these were only back to 1971. Older records made little sense because of the changing external business conditions, which was a major determinant of the activities of the factory.

(3) Culture

Culture is important in determining human behaviour in an organization. The Chinese is an ancient people and possess a lot of cultural heritage unique in itself. A prominent management advocater in Hong Kong once wrote that:⁷

The people of Hong Kong are Chinese in origin, with a culture and social structure which has developed over a 5,000-year period. The unity of family has been the most important of the social factors. Confucius taught that man must ensure stability and tranquility in the family since the family was the social unit in which the nation rested and, with stability and tranquility in the family, stability and tranquility in the state followed as a natural consequence. Thus, ancestral worship developed and became an integral part of day-to-day living. Ancestral worship requires a significant attachment to the past a great respect for one's elders and masters and, ultimately unquestioning obedience to the system.

⁷Sik-nin Chau, "Family Management in Hong Kong", Hong Kong Manager, Vol. 6 No. 2, (March April 1970). The Hon Sir Sik-nin Chau was first chairman of the Hong Kong Management Association. This was a paper presented at the International Industrial Conference Board in 1969.

Chinese cultural was based in large part on the activities of the genteel classes. These activities emphasised scholastic achievement, literary attainment and artistic endeavour. Perfection was sought in classic form and experimentation into new forms was discouraged. Perfection in the individual was constantly advocated. Self-discipline, the abnegation of avarice, the ability to suffer want with dignity, distaste for the pursuit of profits, were virtues treasured and respected.

Everything in the factory was of Chinese cultural background. Everyone there was a Chinese. They thought in the Chinese way and acted in the Chinese way. It was impossible to mention every aspect of Chinese culture but to choose some of them which had more obvious effect on human behaviour in the company.

1. Chinese people are lovers of peace. They want to live in harmony with everything: people, nature, and all things. Conflict and strike are bad and must be avoided if possible. Friendly and harmonious interpersonal relationship are always rated high in everyday life.

2. The Chinese learn of gratitude even when they are young. They are taught of the hardship of their parents in raising them and are indoctrinated to be grateful to their parents all through their life. This is deduced to be grateful to everybody who has done something good to oneself. One must never to forget the good things others has done to oneself and tries to repay him the good will whenever possible.

3. Loyalty is a very important code of ethic for the Chinese. People learn to be loyal to their country, to their family, to their masters, superiors and friends. They also learn to be loyal to their occupation.

4. Industriousness is regarded as a virtue. Hardworking, patience, and simple life are essential for prosperity and richness.

5. Respect is important in Chinese community. People show respect to their ancestors, elders, and masters. This leads to the emphases on seniority and experience. People tend to be submissive to established orders. To respect also means to obey and to follow.

6. The Chinese show a great tendency to group together according to certain social characteristics. The most important one is one's native place, be it a certain part of the country, a province, a city, a country or even a town or a village. Others included the dialect one spoke, the family name or even same social standing and education background. They thus form a sub-culture of their own, and incline to expel outsiders.

(4) History of the Company

The company was established some thirty years ago by a young man at the age of 18. He had very few education. However, as a result of his hardwork and intelligence, he established a small workshop with a handful of sewing machines to produce shirts. He made himself the Managing Director.

Products were exported to South East Asia, and was with great success. When the company resumed operation after the end of World War II, it started to export shirts to United Kingdom.

Shirt making technology at that time in this part of the world was quite primitive. Fabrics were piled up and cut manually with a long knife. Each shirt was sewn by one worker. It was then ironed with charcoal-heated iron, with water sprayed on the shirt from the mouth of the ironing worker.

The Managing Director made a trip to Japan in late 1940's to visit some of the garment factories there. Upon his return, the Managing Director started to modernized his workshop by adopting mechanization and division of labour. He learned all these from the Japanese garment factories.

The sewing of each shirt was divided into various steps. Instead of sewing a whole shirt by one worker, each worker was responsible for one step only. Additionally, sewing machines were shifted from manual to electric-powered. Hence the pace of production was greatly quickened. New wage rates were set by time study method. Techniques in fabric cutting and shirt ironing were also improved.

In the early 50's, the company started to export shirts to United States. The following years in that decade were the golden years for the company. However, there came a crisis in 1960. If not for the strong background of the company, it would certainly have failed. In anticipation of quota restriction on imports from Hong Kong into United States, the American customers rushed to place larger orders in

order to upgrade their performance. Consequently, they got more quantity than they could sell in their market. However, the restriction didn't come. This precautionous action of the American customers led to flood market in the States. Most of the orders were either cancelled or postponed shipment. Some customers even played tricks to shift part of the loss to the company. This was a lesson for the company. It then began to diversify its markets and channels of distribution.

Sometime afterwards, the company moved into his own factory building. It only occupied part of the building. Unfortunately, the factory was burnt to the ground in the Spring of 1972.

To rebuild the business, the company followed a reorganization plan to decentralize into several smaller factories, each was an independent production unit. Products were diversified from shirts alone to trousers and fashion dresses.

(5) Organization of the Company

Organization Structure

As had been mentioned previously, the company was reorganized in a decentralized manner after the fire which had burnt down its only factory in early 1972. The original company became a holding company, with various factories producing different product lines of garment as its subsidiaries.

The holding company was the decision making, policy formulation, and control centre. It took up four functions to the company group. It was responsible for all the sales work of the group (the company

was still too small to have other marketing functions besides sales). Orders were obtained through the sales department and passed on to its respective subsidiary factory for production. The sub-contracting price was 3 to 5 percent less than the sales price. It was responsible for financing the whole group: in financial planning and control, raising of fund, and management of fund. It was responsible for providing services to the group such as personnel, accounting, shipping, and administration. Lastly, it was responsible for providing management advices and serving as a management talent clearing house for the whole group.

Each subsidiary factory was in fact a production unit - a factory making a specific product. It sub-contracted orders from the holding company. Sales prices to customers were determined by the holding company, with cost data supplied by the subsidiary factories.

The subsidiary factory where the research was done was a shirt factory. It was headed by a production superintendent, assisted by three assistant superintendent. (They however held a nominal title of manager and assistant manager respectively. Since it was for formality only, their positions were still been referred to as production superintendent and assistant production superintendent in accordance with the nature of their work). This was the management levels in the factory. Above these levels was the board, with the Managing Director of the holding company holding the chairmanship concurrently. He was referred to hereafter as top management.

The non-production work of the factory was grouped together as the general office. It included two wage clerks responsible for wage

calculation and bookkeeping, a general clerk responsible for personnel, production control reporting, and other general office work, and a sub-materials (such as polybag, label, button and the like) purchasing clerk, who was also responsible for the general affairs of the factory. For administrative reason, a watchman and a servant-male were also classified as office staff.

The production process in the factory was divided into three divisions. The cutting division was headed by a supervisor, with two clerks helping him in marker drawing and clerical work. The cutting of fabrics was performed by a team of cutting workers. They were paid as a group for their production. The sewing division was divided into four sections, each had forty four sewing machines. One of the four sections was responsible for the sewing of collars, and other three worked on shirt bodies. One of the body sewing section specialized in fashion dresses (only for shirt body, collars were made in the collar-sewing section). They were named Section A, B, C and D, respectively. Each sewing section was supervised by a supervisor (except the fashion dress sewing section which had an assistant supervisor in addition), helped by a general worker (on daily pay basis). Besides sewing workers, each section also had about six daily paid workers doing auxiliary work such as cuff turning, collar turning and the like. There was also a button sewing and button hole sewing section. It consisted of eight sewing workers. However, the supervisor of this section also had to take care of the button and button hole sewing operation within each sewing section. The finishing division consisted of two sections. The ironing section had twenty ironing workers. It was headed by a supervisor help by two daily pay general workers in transporting shirts

and materials. Additionally, four workers were employed for the packing of shirts. Another section was the packing section. It was responsible for boxing and cartoning of well-packed shirts. The work was done by a supervisor and two piece-rate workers.

Quality inspection was performed by two inspectors assigned to the factory from the holding company. There was also a mechanist and his apprentice, as well as two daily pay female cleaners.

Each position in the factory was rather autonomous, in that no specific duty list or formal job description had ever been imposed. But every staff shared a common understanding of what their work was, what authority they had, and what their relationship with other staff should be.

Each job composed of a variety of activities, making it extensive rather than intensive in nature. However, most activities were manual work which required little or no mental effort.

Although the holding company and the subsidiary factory were two separate legal entities; the Managing Director of the holding company was also the only source of authority in the factory. Authority in respect of management in both the holding and subsidiary factory was reserved to himself. This included staffing, salary administration, organization planning, capital goods purchases, and the like. Authority delegated to the superintendent in the factory was limited to operation matters only. However, the superintendent had enough authority delegated to him in implementing the top man's decisions and policies.

The supervisors did not get their authority vividly from the superintendent. Instead, their authority seemed to come directly from top management. At least they thought they owned a large part of their authority from top management. This was because of the frequent reference of decision matters to top management on the part of the superintendent. Consequently, supervisors related to the top management more than to the superintendent, and the superior subordinate relationship between superintendent and supervisors was mainly for the execution of the decisions and policies of the top man. In this case, the status and function of the superintendent was deluted. The superintendent became a middle man between top management and supervisors in the factory. He did not possess authority to make management decisions concerning his subordinates, and he was always bypassed by his subordinates who thought it more effective to approach the top man directly than through the superintendent.

Communication within the factory was quite informal. People communicated in a face to face, straight forward manner. They preferred to exchange information individually, rather than as a group. There was no staff meeting or committee of any kind.

Downward communication was limited to the giving of orders and instructions in connection with operation matter. Upward and horizontal communication was weak. People inclined to avoid these if they could. Subordinates put up matters with their superiors only when they encountered problems they could not solved. Otherwise they would rather confined to their work and tried to smooth matters as best they could. People were not accustomed to exchange information or discuss

production matters between each other.

Communication between the holding company and the subsidiary factory was linked by responsible people in the former and the superintendent and his assistants in the latter. Supervisors in the subsidiary factory seldom bypassed their superior to communicate with people in the holding company for operation matters.

Employee Relations

Employees in the factory were divided into two kinds, based on remuneration methods. Those who were paid on a piece-rate or daily pay basis were referred to as temporary employees, or simply as workers. Those who were paid on a monthly salary basis were referred to as permanent employees, or as salaried staff.

Workers. There were about two hundred and fifty workers working in the factory. Most of them had been with the company for several years.

All sewing workers were female. Their age were relatively younger. Most of them were below 18. Moreover, the younger ones had more education than the older ones. Some of them even had had secondary education. On the other hand, older sewing workers had lower level of literacy. Generally speaking, the younger sewing workers were more dexterious and worked at a higher speed than the older ones. But the older ones were more steady with their work, both in production (quantity and quality) and employment.

All ironing workers were male and they were of older age. Their working conditions were the worst in the factory. They had to stand all the time at work. Besides, their working place was very hot. This was because of the heat from the electric irons they used, and also because of the resulting impracticability of installing air-conditioning. With respect to discipline, they were considered to be the most difficult people in the factory to deal with.

Workers in the cutting division were also male, but they were much younger than the ironing workers. Most of them were only teenagers. They form a group to contract work from the factory. As such, they were a separate work group from other workers in the factory.

The other workers included general workers performing auxiliary work in a production section and those who assisted the supervisors in their daily routine work. They were the only workers in the factory who were paid on a daily basis. Others were paid on a piece-rate basis.

Recruitment and selection of workers were centralized in the factory office. Supervisors notified the superintendent or his assistant of vacancies in their respective production section and got his approval for hiring. Sewing workers were required to undertake an aptitude test. But ironing workers and cutting workers were mostly brought in by the supervisors of the respective production section. The superintendent was specially responsible for the recruitment and selection of unskilled general workers.

Workers brought their skill with them when they joined the factory. It was considered not practical to take in threshold workers and trained them up for the company. Besides too troublesome to undertake the training work, the factory found it difficult to retain them after their training. The trainee did not want to stay in a place where everyone knew him to be a new hand. Moreover, he thought that he could gain more experience and hence traded up his income by shifting their working place. Anyhow, the factory did undertake limited training work. A few general workers were taken in with the purpose of training them to be skilled workers. This was but a gesture to induce unskilled workers to join the company.

As had been mentioned before, workers were paid either on a piece-rate or a daily-rate basis. Overtime pay for the daily-rate workers were one and a half time of the regular pay. There was no overtime pay for piece-rate workers. All workers who had been with the factory for a specific period were able to enjoy holidays with pay and paid sick leave, as stipulated by labour regulation. There were no other kind of payment to the workers.

Workers were provided free transportation to the factory in the morning. But they had to take care of themselves after work. Each year the factory subsidized a picnic for the whole factory. There were no other fringe benefits for the workers.

Salaries Staff. A demographic study revealed that of the four superintendent rank and ten supervisor rank employees, only two assistant supervisors were female. Most of them were of older age, had rather advanced seniority, and had some education. The following Table (1) showed a better picture in this respect.

TABLE 1

Age, Seniority, and Education of
Superintendent Rank and Supervisory Rank Employees

(i) Age Distribution

<u>Age Group</u>	<u>Supervisor</u>	<u>Superintendent</u>
Over 50	1	-
46 - 50	2	4
41 - 45	4	-
36 - 40	2	-
31 - 35	-	-
26 - 30	-	-
21 - 25	1	-
Under 21	-	-

(ii) Seniority Distribution

<u>Seniority (year)</u>	<u>Supervisor</u>	<u>Superintendent</u>
Over 10	4	3
6 - 10	2	-
2 - 5	3	-
Under 2	1	1

(iii) Education

<u>Education</u>	<u>Supervisor</u>	<u>Superintendent</u>
Primary School	5	2
Secondary School	5	2

Most of the supervisors were promoted from workers. By the same token, most of the superintendent rank employees were formerly supervisors in the factory. It was not easy to train up a supervisor. A supervisor in a shirt factory was a technical man and a manager combined together. So far, the only way to learn about shirt making technology was from apprenticeship. Usually, those who failed in school or those who did not want to go to school went to work in a factory. Consequently, their lower education more often than not inhibited the development of their managerial ability. They depended more on their experience and common sense to manage. It was difficult to give them training in management.

In addition to their monthly salary, all staff were entitled to double pay and a year end bonus. Some key staffs were given larger amount of bonus as special reward to their outstanding work in the year. This was to be determined by the Managing Director.

If there was a salary revision in the year, it was usually in late June (new salary to be started in July). The top man first consulted the superintendent of the performance of his subordinates and asked for his opinion as to the dollar amount of revision. But top management usually had his own idea and he himself made the final decision. Performance appraisal was very subjective and informal. Top management based his evaluation on his likings and impression. The company as a whole had not revised salary for three years until last year. Moreover, compared with other factory of comparable size in the industry, the salary offered by the factory was considered to be lower (by about 10 - 20%).

The factory offered free medical service to its salaries staffs. Once a year there was a factory sponsored picnic. These were the only fringe benefits they had.

Planning and Control

The company objectives were not made known to employees explicitly. Only higher management knew what they were going after. Even if they occasionally revealed their ideas to their staff, it was only in piece meal and only reached a handful of relevent employees. For example, upon the receipt of complaints from customers, top management used to gather the responsible employees for a discussion. He liked to take this opportunity to indoctrinate them on the do's and don'ts in their operation.

Consequently, everyone had his own idea and interpretation of what were the company after, and what was good for the company. For instance, while top management stressed on quality as a major factor for meeting competition, some management personnel still considered quality the most important thing.

With regard to planning, there was only short term plan in the factory. The company did not commit itself to any long term planning. It chose to remain flexible and adaptable. The most important formal plan in the factory was the monthly production schedule. This was the time table for the operation of the factory. Another formal plan was the shipping schedule. It prescribed the temple of production.

Production figures were collected everyday for control purpose. These records were for the use of the superintendent. But he seldom referred to them because he thought they did not help him much even if he knew them well. He usually found himself at a loss to control because he simply did not had enough power to do so. Internally, his authority to manage was limited. Externally, outside factors, such as labour shortage in the community, circumscribed his leeway of action. As to the supervisors, their major function in control was the control of quality and quantity of production. But they always found themselves unable to take corrective actions because most of this actions were out of their authority.

For example, an order was found unable to catch the scheduled shipment. The superintendent knew this but he could not make the responsible supervisor to rush because the supervisor complained everyday that he didn't had enough worker. There were various reasons explained for the shortage of labour. Most shirt factory had air conditioning, but not for the factory; the piece rate was too low to attract skilled workers; the general work helping the supervisor had left because he found his work load too heavy for one person. In this case, only top management could authorize the installation of air-conditioning, raised the wage level, and adding general workers to the production unit, and hence save the trouble.

Besides what was discussed above, there was no other planning and control practices in the factory. People in the factory thought more of to-day than of to-morrow.

(6) Products and Marketing

The company originally only manufactured man's and boy's shirts, as well as gentleman's and lady's fashion dresses. Recently, still at a development stage, the company had been working on trousers and jeans as a new attempt to extend its lines in wearing apparel.

This section was a summary of what and how the company was doing in respect of the products and marketing of the shirt product line.

Product Quality

For years, the company had been making shirts of medium quality level. In the early years of industrialization in Hong Kong This was already regarded as good quality. However, with recent competition from other developing countries in Asia, the company had tried to upgrade its shirt quality to a higher level. Anyhow, because the staff of the factory had accustomed to making medium quality shirts, the result of the attempt to upgrade shirt quality still left a lot to be desired. Some products had attained high medium quality level at the most. The company was still unable to produce top quality shirts.

Not only did workmanship and styling important in determine shirt quality, but also the quality of fabrics used. General speaking, permanent press poplin, both solid colour and machine printed, was the most popular fabrics for making shirts, for the factory. Other more expensive fabrics included gingham, dobby, jacquar, seersucker and the like. 69% and 77% of shirts produced in 1971 and the first half of 1972, respectively, was made of permanent press poplin. Table (2)

tabulated the percentage of fabrics used from January 1971 to June 1972.

Table 2
Percentage of Fabrics Used

Materials	Jan. to Dec., 1971 in %	Jan. to June, 1972 in %
Permanent Press Poplin (solid colour and machine printed)	68.60	77.43
Gingham	14.62	5.09
Dobby	5.63	6.90
Jacquar	3.53	0.47
Seersucker	1.14	8.63
Others	1.48	1.48
	<u>100</u>	<u>100</u>

Sales of Products

Shirt business was rather seasonal. Because the majority of customers of the company was from the north hemisphere, it had two peak periods: from May to July was for winter orders, and from November to January of the next year was for summer orders. Table (3) showed order number and quantity received each month from January, 1971 to June 1972, both in number and in percentage distribution. The large discrepancies in percentage between order number and total order quantity each month could easily be observed from the table.

Table 3

Number and Quantity of Orders Received
Per Month from January 1971 to June 1972

	<u>Number of Order</u>		<u>Total Quantity (dozen)</u>	
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
1971				
January	46	22.67	19,200	12.99
February	16	7.88	8,200	5.53
March	6	2.95	6,000	4.02
April	20	9.86	19,700	13.32
May	12	5.91	13,900	9.38
June	10	4.92	16,600	11.24
July	16	7.89	6,500	4.42
August	17	8.37	6,500	4.38
September	1	0.49	2,000	1.36
October	12	5.91	9,700	6.59
November	19	9.36	24,900	16.78
December	28	13.79	14,800	9.98
Total	<u>203</u>	<u>100.00</u>	<u>148,000</u>	<u>100.00</u>
1972				
January	20	16.11	10,800	16.62
February	16	12.90	8,300	12.85
March	10	8.06	7,100	11.00
April	12	9.67	15,000	23.22
May	35	28.21	13,000	20.03
June	31	25.00	10,500	16.28
Total	<u>124</u>	<u>100.00</u>	<u>64,700</u>	<u>100.00</u>

Table 4

Quantity Produced and Shipped
Per Month January 1971 to June 1972

	Production Quantity ^(a) (in dozen)	Shipping Quantity (in dozen)
1971		
January	12,000	14,900
February	4,700	4,000
March	9,500	9,600
April	10,200	12,800
May	14,000	17,200
June	11,000	10,200
July	13,800	16,300
August	11,100	8,200
September	8,500	10,600
October	8,100	6,800
November	15,000	8,000
December	9,700	13,300
Total	127,500	131,800
1972		
January	11,400	14,500
February	9,200	13,000
March	4,300	4,100
April	Nil ^(b)	Nil ^(b)
May	Nil ^(b)	6,400 ^(c)
June	Nil ^(b)	5,000 ^(c)
Total	24,900	43,000

(a) The figures included sub-contracted quantities to outsiders.

(b) No production and shipment after fire.

(c) Orders sub-contracted to outsiders.

There was usually a time lag of one to two weeks between production and shipment of orders. This accounted for the variance of quantity produced and shipped each month. Table (4) tabulated quantity produced and shipped per month from January 1971 to June 1972.

The distribution of long sleeve and short sleeve shirts was highly seasonal. The former dominated in summer production and the latter in winter production. The composition of long sleeve and short sleeve shirts each month, in 1971, in percentage, was tabulated in Table (5).

Table 5
Composition of Long Sleeve and
Short Sleeve Shirts per Month in 1971

	Long Sleeve in %	Short Sleeve in %
January	48.9	51.1
February	63.9	36.1
March	62.3	37.7
April	77.5	22.5
May	39.7	60.3
June	72.6	27.4
July	73.2	28.8
August	83.3	16.7
September	60.8	39.2
October	39.7	60.3
November	27.1	72.9
December	28.4	71.6

Channels of Distribution

The company only produced against orders. Because of the history and reputation of the company, customers were easily attracted locally and from abroad. They included local exporters, buying agents of chain stores and department stores, foreign importers and foreign manufacturers. Table (6) tabulated the percentage distribution of sales volume of the larger customers, together with the number of order received from each one in 1971. All company names were disguised and were represented by alphabet, and they were listed according to their sales volume percentage. It could be found that the sales volume of each customer did not correspond to their number of order received. Furthermore, only 6 out of the total number of 22 customers each occupied more than 10% of total sales volume. Moreover, these 6 customers totally accounted for 76.65% of the total sales.

Table 6

Customer Percentage Distribution of Sales

Volume and Number of Orders Received (All Company

Names were Disguised and Replaced with Alphabet) in 1971

<u>Customer</u>	<u>Percentage distribution of sales volume (%)</u>	<u>No. of order received</u>
A	16.29	36
B	13.78	4
C	13.52	9
D	12.74	42
E	10.18	20
F	10.14	5
G	9.50	28
H	3.03	16
I	2.86	9
J	2.33	10
Others*	6.23	24
	<u>100%</u>	<u>203</u>

* including 11 companies.

With regard to the market distribution of sales volume, 30% was to the U.S.A., 50% to U.K., and the remaining 20% to the European Continent and Australia. All products were exported, no local sales were made.

Sales Promotion

Normally, the customers took the initiative to contact the company. They learned of the company from advertisements in trade magazines as well as existing customers of the company. Usually, buyers came to Hong Kong and visited the company personally. Otherwise they placed orders through correspondence.

The company adopted a "sit and wait" attitude in its sales effort. It believed that its longer history and well-established reputation was sufficient to attract customers to approach the company by their own initiative. Hence little was done in sales promotion, which was only limited to advertising in trade magazines.

Customers based their decision to purchase on samples (for workmanship and quality) shown to them, price and delivery time.

Samples were made in the Sampling Section of the shirt factory, which was staffed with a technician and several skilled sewing workers. Most of the samples produced were counter samples, duplicating the incoming samples from perspective customers. Very rarely did the company designed its own style.

Pricing Policy

Pricing was not easy because it based more on experience than on actual costing data. A price was made up of two parts: fabric cost and C.M.T. Fabric cost was the product of yardage used and unit fabric cost. The first was an estimated figure based on past record or merely on experience, and the latter was quoted by fabric suppliers. C.M.T. was a jargon in shirt industry, which was the abbreviation of cutting,

making and trimming. Actually it included direct labour cost, overhead, and profit. But profit was always combined into overhead. Both were estimated figures. Sales people had to make adjustment on their calculated prices as circumstances required before making quotations to customers.

Shipment

Customers always wanted prompt delivery. However, it must at least take two months to get the required fabrics and another month for production. This meant that it took at least three months to deliver an order. But it always took longer time. The company must have backlog orders on hand. All the time and new orders must wait for their turn for execution. Sales people could not agree with customers on any delivery time before checking up the existing orders on hand and their delivery schedule. It was an exception rather than a rule for the company to accept rush orders and advanced orders (orders with their delivery date putting forward).

Order Size

Order sizes were various. Generally speaking, larger orders came from larger customers. Since the fixed cost of processing each order was relatively the same, the larger the order, the lower was the unit cost. Furthermore, small order also had unfavourable effect on production. It could be learned from Table (7) that in 1971, 46% of the orders received was less than 500 dozen, but they only accounted for 25.25% of total quantities. In the first half of 1972, 69.35% of less than 500 dozen orders accounted for 35.07% of total order quantity

in that period. Figure (1) showed the percentage distribution of order number and quantity in graphic form.

Table 7
Order Size Distribution for
1971 and the First Half of 1972

(i) 1971

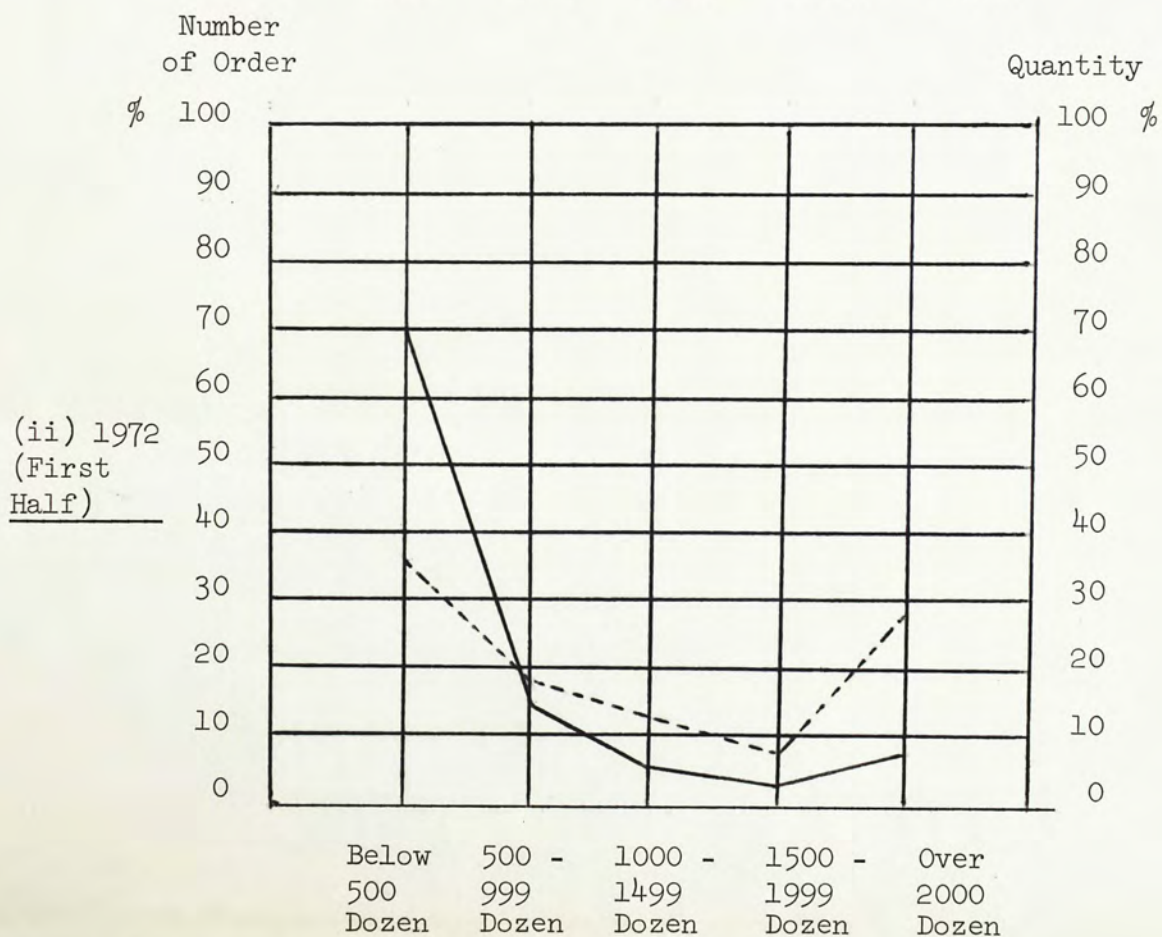
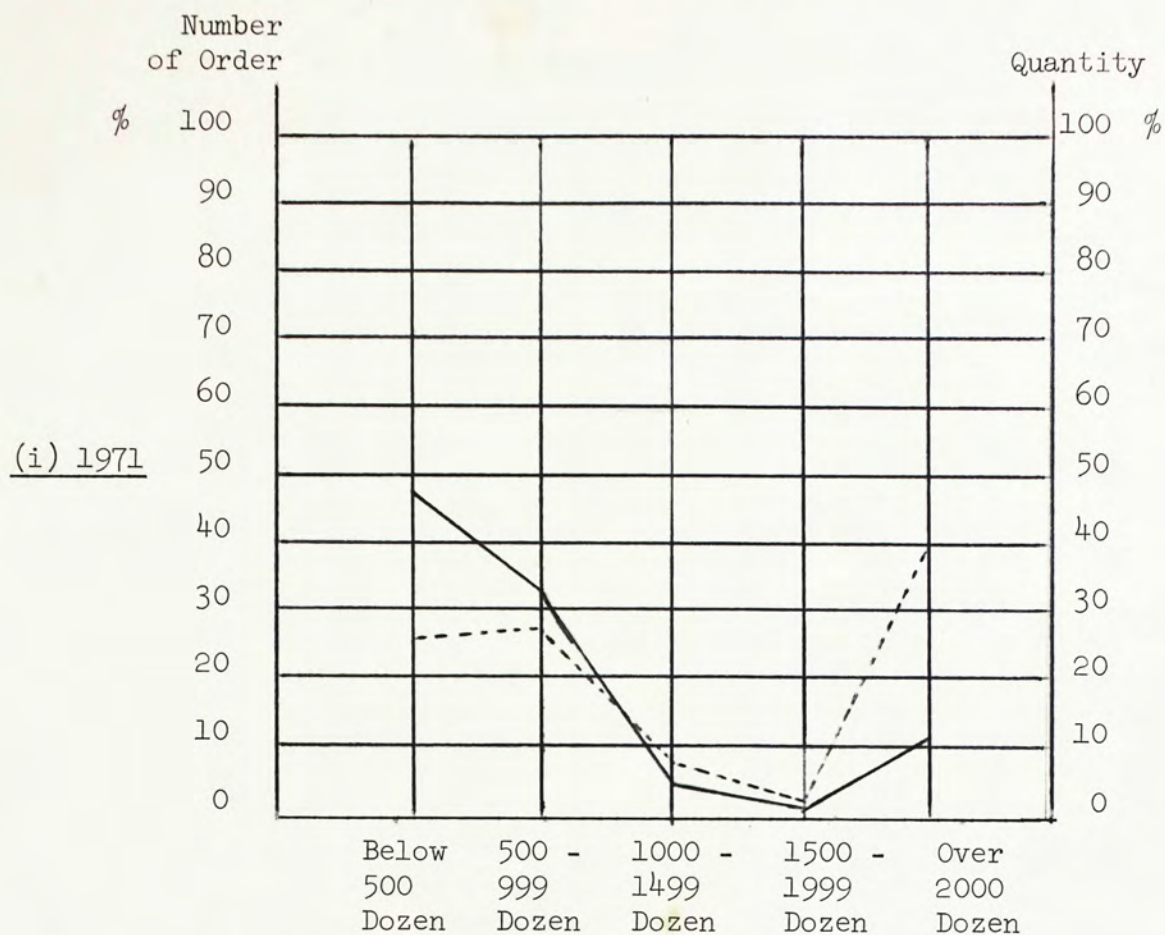
	<u>No. of Order</u>	<u>%</u>	<u>Quantity (dozen)</u>	<u>%</u>
1. Below 500 dozen	94	46.31	37,400	25.25
2. 500 - 999 "	71	34.98	39,600	26.74
3. 1000 - 1499 "	12	5.91	11,800	7.98
4. 1500 - 1999 "	1	0.49	1,400	0.95
5. Over 2000 "	25	12.31	57,800	39.08
	<u>203</u>	<u>100%</u>	<u>148,000 doz</u>	<u>100%</u>

(ii) 1972 (First half)

1. Below 500 dozen	86	69.35	22,500	35.07
2. 500 - 990 "	21	16.94	11,700	18.30
3. 1000 - 1499 "	6	4.84	6,600	10.31
4. 1500 - 1999 "	3	2.42	4,900	7.64
5. Over 2000 "	8	6.45	18,400	28.68
	<u>124</u>	<u>100%</u>	<u>64,200 doz</u>	<u>100%</u>

Figure 1

Percentage Distribution of Order Number and Quantity



———— No. of Order
 ----- Quantity

(7) Production Process and Operation

Garment industry in this part of the world was still a labour-intensive industry. Although mechanization was more and more being adopted to cope with the rising labour cost, most production steps were still being performed with manual effort. This section discussed the shirt production process in general and the production operation of the factory in particular.

A General Description of Shirt Production Process

The shirt production process could be divided into three parts, i.e. cutting, sewing and finishing.

Cutting. The actual making of a shirt started with cutting fabrics into pieces which were parts of a shirt. Rolls of fabrics were first unrolled on a cutting table in piles, on which a long strip of paper with parts of shirt drawn on it, called a marker, was laid.

Marker drawing was both an important and skillful job. The various parts of a shirt were shaped into cardboard patterns, which were then arranged on a marker paper to the extent that the least wastage of materials resulted.

The length of a cutting table varied with the length of the plant, and it was a little bit wider than a roll of fabrics, which was usually 36 inches or 48 inches. The unrolling of fabrics on the cutting table was by means of a special kind of machine called a spreader, which were moved either manually or by electricity. This kind of work was done by a kind of worker called fabric spreaders.

The pile of fabrics was cut by another kind of more sophisticated worker called cutters. They used electric cutting machines to cut it into blocks of fabrics according to the patterns drawn on the marker.

The fabrics spreaders and the cutters were also responsible for arranging pieces of shirt parts into smaller piles and attached to each pile with a piece of numbering and work steps sheet for identification purpose. When everything was in order, these piles of fabrics were then being delivered to the sewing section for sewing.

Sewing. There were two kinds of sewing machines used in shirt sewing. The general purpose sewing machines were used for most of the steps in shirt sewing. They were somehow complicated than household-used sewing machines, and they were moved by electricity. The special purpose sewing machines were used for the sewing of special parts of a shirt or for special steps in the sewing process. For instance, there were special sewing machines for button sewing, button holing and shirt body joining.

Each worker was usually responsible for a single sewing step. But some steps were closely related, and they were hence jointly performed by a worker.

After sewing, each shirt was trimmed of loose threads and then passed on for finishing.

Finishing. Finishing included ironing, packing and cartoning. Each shirt was ironed by an iron worker. Recently, a kind of automatic ironing machine had been invented. It only required a few number of workers to control.

The ironed shirt was packed into a polybag with other presentation materials. Four or six shirts were put into a cardboard box, which was then put in a carton, and was ready for shipment.

The packing and cartoning work was done by unskilled workers. The operation was simple and could be learned in no time.

Figure (2) was a flow chart for the shirt production process.

Production Planning

In the factory under study, production began as soon as sales had been concluded. A production planning clerk in the office was responsible for filing all the sales orders received and recorded them in accordance with their respective shipping dates. Fabrics were ordered from suppliers and other sub-materials were prepared. All the required materials must be regulated to ensure punctual delivery to the factory.

Each month, the production planning clerk prepared a Monthly Master Production Schedule. It was a summary of the particulars of all orders to be executed in a month, and was issued to the factory superintendent one month in advance. At the same time, the particulars of each sales order was converted into a Production Order (or different production orders if a sales order called for different styles of shirts). The production order included order particulars such as styling, quantity, finishing date, fabrics, sub-material list, cutting instructions and packing instructions. The production order, sometimes accompanied by a sample shirt (if the style was a new one) was issued to the factory superintendent in due course as blue print for production.

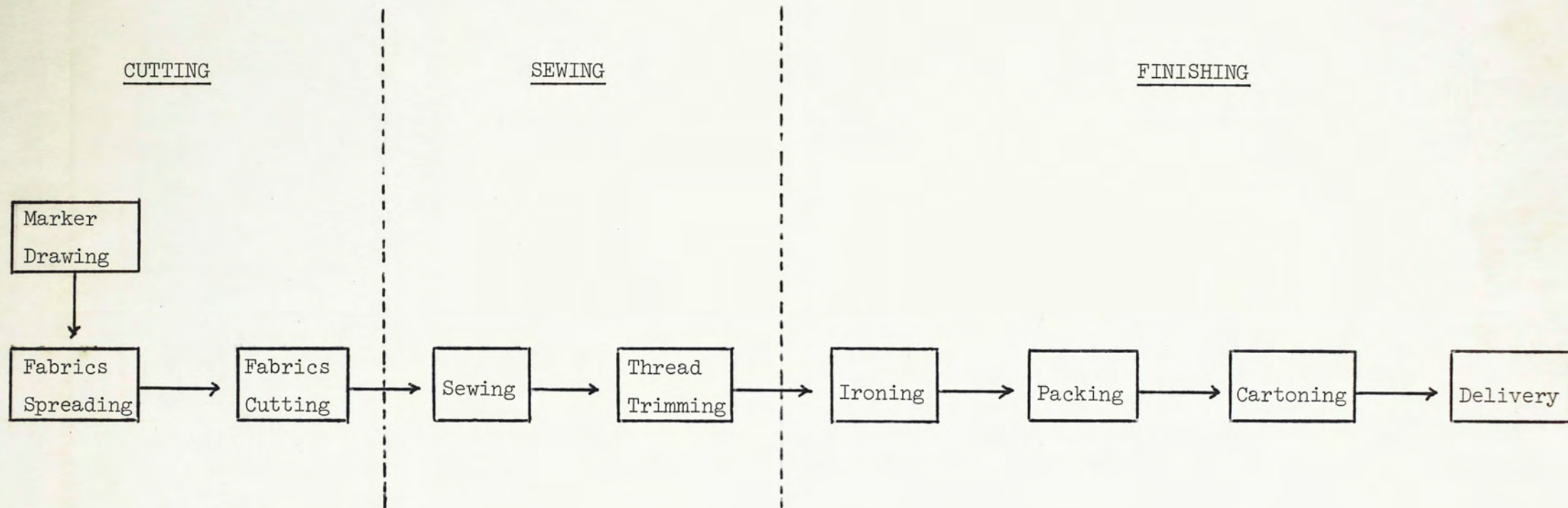


Figure (2) Shirt Production Process Flow Chart

It was then the production superintendent's responsibility to produce.

The production superintendent was responsible for going through the production order and sample to make sure that everything was in order. It was also his duty to check for sure the availability of machinery, equipment, accessories, cutting dies, and other production facilities. If he had any doubt with regard to above, he contacted the responsible person in the office (such as sales people, production planning clerk, materials clerk, or manager) for clarification.

The superintendent in turn prepared from the Monthly Master Production Schedule a more detailed production schedule for the factory. It specified the sequence of production, time to start and finish, and the production section for making. All production work were then proceeded according to this schedule. Sometimes a customer would specially requested to advance the shipment of a particular order, or sometimes there was delayed delivery of certain materials. Then the production schedule would be adjusted to cope with these particular situations.

The supervisors on the floor had nothing to do with production planning. They only executed one production order after another in accordance with the production schedule.

Figure (3) was a simplified plant layout chart. The area of the factory was about 150,000 sq.ft., in one storey. Machinery and equipment was about what could be found in most garment factories in Hong Kong. Lighting and ventilation in the factory was satisfactory. The factory used electric fans in the summer.

Some words about shipment was necessary. Although each sales order specified a shipment date, this was not to be exact. Normally a week or two of grace was allowed. People in the shipping department of the company first matched a steamer for the shipment of each order. A shipping list was then prepared with steamer name and sailing date for each order. A copy of the shipping list was sent to the production superintendent in the factory. He based on this list to adjust the production progress. More often then not, the sailing date of a steamer usually changed, for various reasons. The shipping department did not pass all the relevant shipping information to the production people, who were only informed of the advancement of sailing dates, and no others.

Quantity Control

Quantity control was exercised through two types of reports, i.e., a progress chart and a quantity control chart. The purpose of the progress chart was to control the progress of production with reference to time. The progress of each order was charted day by day to determine whether special effort was required for the order to meet its specified shipment date. On the other hand, the quantity control chart was used to control the progress of each order in terms of the production figure of certain important steps, including cutting, collar making, body joining, collar and body closing, and ironing figures. Immediate action was required if any of these figures recorded was out of order. These quantity control charts was for the use of the production superintendent. Supervisors also could get reference to it if they wanted. As a matter of fact, both superintendents and supervisors seldom

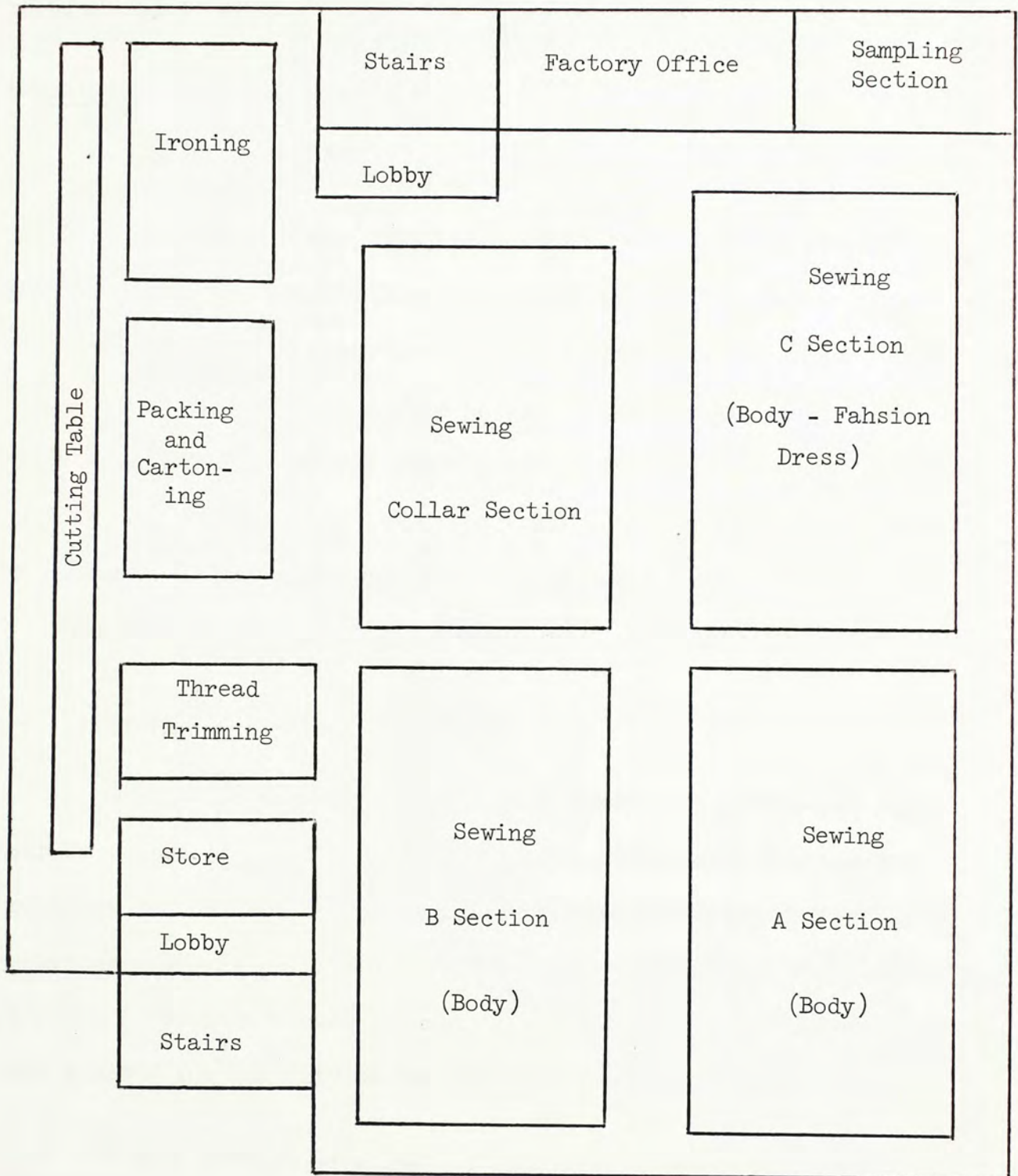


Figure (3) Plant Layout of the Factory (Simplified)

referred to these charts because they thought they knew the production progress quite well.

Quality Control

The quality control function was not emphasized in the factory. The supervisors were supposed to maintain an acceptable quality standard of production. But this responsibility was often neglected because the supervisors thought that they had already had a lot of other more demanding work to do. On the other hand, two quality inspectors from the holding company was assigned to the factory for quality inspection. They inspected finished and semi-finished product by random. If they found any inferior products they returned it to the responsible supervisor.

Marketing and Production Relationship

Relation between marketing and production people was loose. Each party confined its attention to its own work with little care about any request for the other party. Marketing people perceived a marketing trend in quality but failed to get it through to the production people. Production people thought that quantity is most important, and they strived for quantity at the expense of quality.

Both parties were lack of initiative to maintain contact with each other to pass information and to discuss issues of common interest. Top management did not realize the important of the relationship between them, although he was the only connection link between these two parties in case of operation problems relating to both production and marketing.

(8) Leadership Attitudes and Styles

This section described management's predominant attitudes and styles. Emphases were placed on how management motivated their people, how management used power, and how management supervised their people.

Top Management

Top management took up a paternal relationship to his employees. He tried to look after the well being of his employees, instead of only taking care of job related matters. This included a secure job that relieved the employees from fear of unemployment, financial support to employees when they needed money for special uses, personal counsel to employees on daily life problems, and the like. The top management thought that if the employees understood that their employer was the safe keeper of their well being, they would become grateful to him and got a moral obligation to serve him better.

Top management liked to try out new ideas and experimented innovative concepts in management and technology. He was convinced that the old must be replaced by the new if things were to be better. He was the first among local garment manufacturers to adopt specialization of labour in production (by splitting production into different compartments, each of which was responsible by a worker), and the first one to break into the U.S. market.

Top management believed that he was more intelligent and experienced than his employees. As such, he was convinced that his thinking power was greater and his decisions better. He thought that

this was why he was the boss and they were not. He therefore needed a well conceived control system to ensure that everything went according to his plan.

In light of the growing responsibility and heavy work-load, top management started to look for competent and trust-worthy people to share his management work. However, because the requirements of top management was too demanding, very few could be measured up. Top management thought that he must be careful to select people comparative to his personality and ability. He was willing to give a chance to potential young people if he believed they possessed the quality he required.

Mainly stemmed from his experience, top management believed that small span of management ensured better result. This meant that each managerial personnel should be responsible for a smaller organization unit. This was understandable because in traditional management personal involvement was of primary importance. This involvement was most effective when the organization was small.

With regard to the question of motivation, top management believed that people must be pushed to work. Not only that, they must be pushed to work in the right direction stipulated by top management. Why push, and not otherwise? Top management considered it a trend that working people in Hong Kong became more and more deteriorated. They were not as industrious and loyal to their employer as they had been. Perhaps this was because of the growing acute shortage of labour. Also, why was working in the right direction so important? Top management was of the idea that only he knew the right direction to which everybody had to put forth their effort.

How to push? Top management used three things: The first was paternalism, which had been discussed earlier. Another thing was monetary incentive. Top management held the assumption that people worked for money alone, and that they always tried to get as much money as possible. He therefore assumed that the best way to get people work was to motivate than with money. The third thing was to give people a sense of ownership. Top management asked himself why he was the most devoted person in the company? He found that part of the answer was on the fact that it was because he owned the business. He therefore deduced that if his employees also shared the ownership they would be as devoted to the company as he did. He therefore tried to depart a sense of ownership to his employees by giving them shares and made them directors of the company.

With regard to the power style of the top management, he was more of an autocratic manager than a participative one. He centralized power and decision making in himself. Sometimes he would try to be a little bit more democratic, but more often than not this was a gesture to show to his employees that he was not so autocratic as they thought.

Top management adopted a rather released supervision over his employees. He did not watch closely how his subordinates carried out his instructions. He used to give them a free hand to execute his orders.

Superintendent

Superintendent was in a middle man position between top management and supervisors. They motivated their employees by implementing the motivation policy of top management. They acted as

agency to top management in collecting information for top management on how the subordinates were doing. They had no authority to punish or reward, but they had influence on the decision of top management in this respect. The subordinates understood this and they knew the result if they did not cooperate with the superintendent. This was rather negative in nature because it used fear to compel people to move, but it worked, to a certain degree, in the factory.

The superintendent derived his power from top management to get things done in the factory. He was also an autocratic leader in that he was subjective and allowed little chance of participation from subordinates in decision making. He thought he knew more than others in the factory to make the best decision.

The superintendent was production oriented in that he placed production result the upmost priority. He regarded this to be the only criteria of his competence in managing the factory.

Supervisors

Supervisors' perception on workers included the following:

(1) Their primary purpose of work was to earn money.

(2) They wanted leisure time as much as they wanted money.

This meant that their desire for money was satisfying, not maximizing. The reason was simple, they needed time to spend the money they earned.

(3) They had little concern for advancement. They seemed to be quite content with the job they were holding and the status they were occupying.

(4) They were reluctant to acquire additon skills. They were satisfied to earn their living with the skill they already possessed.

(5) Their mobility was high. They would not hesitate to shift to other working place for better income or more comfortable working conditions.

Supervisors' perception of workers form their predisposition in dealing with the workers. More often than not what the supervisors preceived was not the diseas itself but only symptoms of a problem. This predispositions hindered the supervisors' attempt to probe deeper into their management problems.

Supervisors made use of personal touch to persuade workers to cooperate with management. Supervisors could not adopt negative motivation because workers could leave for another job quite easily. On the other hand, top management did not approve the use of monetary incentive of any kind because he considered that the labour cost was already too high. It boiled down that the only thing the supervisors could do was to use their personality and human relations skill to influence workers to cooperate.

Supervisors were always an autocratic leader to the workers. They held the assumption that workers were less intelligent, stubborn, and always tried to deceive management. Supervisors must therefore watch them carefully and direct them closely. It was for the management to think and for the workers to act. All supervisors were production oriented.

(9) Human Problems of Workers

Workers were referred to those piece-rate and daily rate employees, as distinguished from salaried staff such as office employees and supervisory people. They were hands on the floor, and as such, their performance born direct relationship to operation results.

Peer-Relations to Workers

Each workers had a fixed working place in the plant, where they were confined to while they worked. Materials were passed on to them for procession. They seldom had to go out of their way for things they wanted.

It was rather noisy in the factory, largely of the sound made by sewing machines and radios. Workers were fond of listening to radio while they worked. They usually tuned it loud to cover the machine noise.

Plant layout, and machine and radio sound in the factory limited the contact of workers to a handful of neighbouring workers. Their social interation at work was thus limited to the nearby workers they could converse with.

On the other hand, they seldom discussed their work with each other. They only put forth to their superior problems and difficulties they encountered in their work. The liked to express these in the form of a complaint rather than of an enquiry or question. Workers regarded it a boredom to talk about work related matters in their conversation.

Another point to be noted was that old timers tended to reject new comers. They wanted to protect their income by scrambling for themselves. They considered new workers a threat to reduce their income.

Supervisor - Worker Relations

Interactions between workers and supervisors were confined to work related matters only. Actions taken by supervisors included giving instructions to workers on work specifications and quality standard, demonstration of skill, despatching work, inspection of output quality and requesting (sometimes pleading) workers to work overtime. Actions initiated by workers included requesting materials and equipments, asking for instructions, and asking for leave or other personnel matters.

Supervisors relied little on authority to get things done. Tight labour conditions allowed workers more discretion in their work. Supervisors inclined to resort to personal influence to get things done. They therefore considered it very important to maintain good relations with the workers so that they could make use of this relations to influence the workers to cooperate with them.

However, as had been mentioned before, the supervisors had too much work to do which left them little time to cultivate friendship with workers. Besides, there was no off job social contact between workers and supervisors. In this connection, if the supervisors wanted to maintain good relations with workers, the only thing he could do was to avoid any impediment of the relationship with the workers. Hence,

to gain cooperation from workers a supervisor must first had good relations with them. In their situation, it meant that the best way to maintain good relations was for them to please the workers.

Workers Attitude Towards Job

It was observed by the writer and also confirmed by management people that most workers showed little interest in their job. They strived hard to raise their income by increasing the quantity of their output at the expense of its quality. They were reluctant to cooperate with management to work overtime or help other workers. Only a small number of them had loyalty to the factory. They would not hesitate to change employers for some marginal advantage.

While straight piece rate was used as the only way to determine the wage of a worker, it was natural for the workers to overemphasize the quantity and undermine the quality of their output. Additionally, there were other human factors acted here to compound the fallacy. First, most supervisors held an unrealistic assumption that quantity and not quality of production was important for the factory. They unintentionally showed their idea in their practice, which indirectly encourage workers to stress on quantity. Second, supervisors had quite a heavy workload that make them unable to pay sufficient attention to quality control, both in prevention and inspection. Third, there were two quality inspectors from the holding company responsible for quality inspection. This caused an illusion to both the supervisors and workers that it was no longer their responsibility to maintain the quality standard. Finally, motivation to keep up with the quality requirement was in a negative sense. When inferior output was found it was rejected

and returned to the responsible worker for remaking. But output of good quality was not recognized and rewarded accordingly.

Conclusion

Workers attitude towards peers, supervisors, and their job was significant in understanding their behaviour in the factory. It was found that they showed little interest with their work, they were hostile to new comers, they lack identification with the organization they worked, and they boosted up their income by scrambling work and undermining the quality of their output.

The attitude of supervisors towards workers also had profound meaning. The supervisors tended to please the workers to gain their good will and build up good relations with them. They wanted to make use of this relation to influence the workers and got their cooperation.

(10) Human Problems of Management Group

Management group was referred to supervisors and superintendent in the factory. The attitudes of each level toward job, among themselves and against each other formed another direction of analysis.

Supervisors' Attitude Towards Peer

Supervisors seldom discussed job related matters with each other, especially of problems and troubles. They had been working with each other for a long time that they did not want their inter-personal relationship to be altered in any way. Moreover, they already got too bored with their daily routine work to talk about it any more. This was a sign of low morale. Consequently, everyone focused on their own

work with little attention given to outside matters. This resulted in inadequate horizontal communication and minimum cooperation among themselves.

Supervisors' Attitude Towards Job

With regard to the work of the supervisor, it was found that most of their time and effort were occupied with tasks which were non-supervisory in nature, such as transportation of materials, re-processing of inferior products; taking up work left over by absent workers, and the like. They were therefore unable to carry out their supervisory duties properly.

Take, for example, the sewing supervisors. Each sewing section had 44 sewing workers and about 6 auxiliary workers. However, two of the sewing sections had two supervisors and the other two had only one. Each section had only one general worker, whose work was very important to the supervisor because he relieved him tasks which were routine and repetitive in nature. But the general workers were quite unsteady with their employment. The pay offered by the factory was low. Top management tended to undermine the importance of a general worker. On the other hand, this job was more suitable for young people. However, this was an unskilled work and offered little future to the jobholder. Hence few young people would like to take up this kind of job. Even if they did, it was for the sake of expedient. As a result, supervisors always had to go without the help of a general worker.

To occupy themselves with non-supervisory tasks not only distracted their attention on supervisory work but also had an adverse psychological effect on the supervisors. They felt fluctuated and considered it a downgrading of their status.

Supervisors' Attitude Towards Superior

It was found that the supervisors were unwilling to put forth problems and difficulties they encountered in their work to their superintendents or other supervisors. Further investigation revealed that this was because of the fear on the supervisors that if they did so they would impede or even destroy friendship and good relationship with each other.

In their mind most production problems or work related difficulty came from the fault of somebody. To bring this into light meant to find fault of the responsible person. This would cause ill feeling and invited apathy or even hostility. Furthermore, in their experience, even if they put up their problems, the superintendent was not likely to solve the problems for them. He used to calm them down and that was all. Even when once in a while the superintendent really tried to solve the problem for them, he did not did it thoroughly. Recurrence of the trouble was more than likely because the root of which usually remained untouched. Besides, because of their long service with the company, they got to know that all these problems or troubles could disappear by themselves (this meant that all loss would be automatically absorbed by the factory), whether they take action or not. Additionally, people valued their seniority with the company. They

wanted to stay with it whenever possible. They therefore valued a friendly working relations with other employees to keep away personal conflict and avoid strife with each other.

Superintendent's Attitude Towards Subordinates

Why did the superintendent and his assistance chose to calm down and mediate with subordinates instead of solving problems for them and set right the situation?

This trouble stemmed from the attitude of the superintendent. They reasoned that the success of their job depended heavily on the cooperation of their subordinate supervisors. Hence if they really went deep into the trouble, and eventually identified the fault of a particular person, the superintendent would very likely annoyed him and eventually lost his cooperation. Sometimes the trouble came from the organization structure or management policies and practices beyond their control. In this case they could do little but to make peace with their subordinates.

On the other hand, they might not want to take up too many things to do, and it was natural for them to press down things rather than went into details for solution.

Furthermore, motivation to work hard on the part of superintendent was low. In terms of advancement they already attained the highest position in the factory, and they knew that their ability could not carry them any further. In terms of salary their pay was already at the ceiling. In recent years they only got small across the board increase to adjust to the rapidly rising living standard.

They got no actual increase in real wage. What was more, their achievement was seldom realized, not to say recognized. They regarded it more important to keep out of trouble than to attack trouble.

Conclusion

A primary objective among the management group in their work-relations was to maintain friendly relationship with each other. Most of them had stayed long with the factory that they already regarded their work as a way of life. They wanted peace and friendliness in their life. This was why they were so desirous of a harmonious working atmosphere.

But the point was that in their pursuit of good relationship with each other they tended to slight the objective of the organization. In solving the conflict between their desire to make peace with each other and the requirement of the organization for everyone to put forth their best effort, their desire usually dominated while the requirement of the organization was rationalized.

On the other hand, the work load of the supervisors was considered to be too heavy. The worst thing was that most of their time was occupied with non-supervisory work, which not only undermined their supervisory performance but also adversely affected their state of mind.

CHAPTER II

OBJECTIVE AND PROPOSALS FOR CHANGE

(1) Setting Objective for the Factory

Emphasis on quality objective

The first thing to do in making any change is to set an objective as guidepost for change. In light of the impact of environment changes upon the company, and in turn upon the factory under study, the objective of the factory will be: TO CHANGE THE PRODUCTION ORIENTATION FROM EMPHASIS ON PRODUCT QUANTITY TO AN EMPHASIS ON PRODUCT QUALITY.

What is meant by quality? What is a quality shirt? The quality of a shirt is made up of three parts: workmanship, styling, and fabrics. Workmanship relates to the skill of workers. Styling refers to the complexity of the style of a shirt. The more complicated the style is, the more difficult it is to be made. The materials, construction, and fashion of fabrics also bear direct relationship to the quality of a shirt. Quality fabrics made quality shirts.

The following is a summary of environmental changes which necessitate the change of factory objective to emphasizing on quality.

Import Restrictions. In the early stage of industrialization in Hong Kong, about two decades ago, quantity took priority over the other two items because at that time the demand for cheaper Hong Kong products in foreign markets was large. In those days, most of the export was to South East Asia, Africa, and other developing countries. However, because of their lower purchasing power, the markets of those places were limited.

Gradually, partly because of the request for larger markets, and partly because of growing sophistication of management and technical skill, the Hong Kong made goods started to invade the American and European markets. At first in piecemeal, it was able to obtain easy accessment to the lower quality segment of those markets because of the cheaper price. As a matter of fact, the unfavorable image of shabby and cheap Hong Kong made products was developed at that time.

With much cheaper labor cost in Hong Kong, manufacturers here could easily get a beach head in the Western markets with lower price. Unfortunately, this persperity did not last for long. Realizing that their own industries could not stand against competition from abroad, the foreign governments concerned began to impose restrictions on imports in the forms of quotas, surcharges, and the like. Most of the restrictions were based on quantity volume. This meant that the only way out, in the face of restricted quantity volume, was to strike for growth in dollar amount of sales. This meant higher quality product.

Rising Labour Cost. Labour cost in Hong Kong had been increasing at a tremendous pace. This was natural in the industrialization process of any developing country. With more and more business undertakings came into being, the increasing demand for labour would keep on bidding up labour cost. There was also a corollary of labour shortage, especially for skilled labour, which compelled a better utilization of labour. Consequently, emphasis was no more on their brutal power than on their dexterity and skill.

Foreign Competition. The neighbouring developing countries had been advancing with large step in industrialization. Because they were still at the early stage, they enjoyed a substantial labour cost advantage over the manufacturers in Hong Kong. They could easily beat Hong Kong manufacturers in the markets of developing countries if Hong Kong manufacturers still wanted to compete with them on the bases of cheap price and low quality.

In addition to the environmental factors described above which necessitate a change of emphasis to quality, there are also factors in the organizational structure that reinforce this emphasis on quality.

Demand for Quality Goods. The sales people are the first ones to feel the requests for the change of emphasis from quantity to quality. This is because of their position as a connecting link between the company and the external environment. The sales manager summed up the situation to the writer, saying, "We have business. Our history and our salesmanship enable us easily to attract customers and induce them to place orders with us. But the problem is that we cannot hold a customer long. More often than not, they are leaving for other

manufacturers after they have received the trial order shipment from us. You know why? It is simply because we cannot keep our quality promise. Nearly all customers are looking for quality products in Hong Kong. We can show good samples to them, of course, but our factory just cannot produce products up to their quality standard. To get business, we must assure our customers that we can do what they want us to do. What happens when they receive our shipments and find that all we have given are empty promise? So, we can never hold a customer long. And we begin to worry that sooner or later, we shall lose our business to our competitors."

(2) Proposals for Change

In order to achieve the quality objective, the factory must undertake the following changes to achieve result:

1. To restructure the sewing division into small work groups. Instead of dividing the sewing workers into four sections, each with sixty workers, the sewing division is made up with more number of small but integrated work group, or production unit. Each work group is so organized that it can perform the complete sewing part of an order, and is made up of the least number of workers. Orders are assigned to work groups in accordance with the quality level of each work group. Each group is responsible for the completion of the whole sewing work of an order, unless the order size is too large that two or more groups are required to work at the same time on an order. Each work group is also assigned with certain customer or customers.

2. To provide more than minimum training to workers. There are two kinds of training, which are of equal importance. The first is technical training. It consists of two parts: improving existing skills and acquiring new skills. The second kind of training is to impart knowledge on products, customers, and factory organization and procedures to workers.

3. To assign greater responsibility to each work group and to each individual worker. Work groups and workers alike are given more task to perform, more freedom to act, and more responsibility to assume. They are required to share responsibility of maintaining quality standard with management, and to maintain a balanced work flow at all times.

4. Supervisors assume a new role in managing work and workers. In managing work, emphases are on preparation work before production, and maintain close contact with other production divisions on progress of production. In managing workers, supervisors adopt a supportive role with emphases on the following functions: training of workers, building up team work within work groups, motivating workers to strive for the quality objective, and evaluating performance of workers and giving rewards accordingly.

5. To adopt a new reward system. Workers are offered both monetary and psychological rewards, and they are rewarded both on an individual and group bases. As to salaried staff, reward is based on employee performance relating to the achievement of quality objective. Moreover, more persons are shared with the responsibility in salary administration.

6. Leadership style is changed from centralized leadership to decentralized leadership. More authority are delegated from the top. Management establish and diffuse clearly defined goals to employees, creat sub-goals to measure accomplishment, and provide feedback on performance.

(3) Reasons for Change

Why will each of these proposals improve quality? What are the advantages of these changes? How does each change proposal contributes to the quality objective? These questions are to be answered in this section.

1. The small group arrangement shifts the focus on achieving the quality objective from management people to workers. Workers working in small groups function better than in large groups. First is the identification effect of a small work group. Workers can know each other better in smaller group. They are also able to see their importance in a group because each production step is staffed with the least number of workers. Each other's work is interdependent and inter-related. The intimate relationship and a common work goal of producing quality product forster a group pressure. Workers are therefore able to identify with the work group they belong. This result in a more stable work force, and group cohesiveness and group pressure which help to expel workers to strive for the quality objective. Workers are also able to identify with the product they make. Each one is able to watch the completion of a distinct part of the production of an order, each one is able to point out the part or parts of product one makes, and each can see the result of each one's work and the result

of group work. Workers are able to get a sense of accomplishment, which reinforces their effort exert for achieving the quality result. Moreover, the product has more meaning to them. They will be more willing to improve the product quality. Workers are able to identify with their work too. This refers to their skill and method from others in a small group. They therefore are more willing to polish their skill, to acquire new skill, and to improve their working method, so that they do not lack behind from others.

Secondly, the performance of different groups can easily be compared. Records on performance in quality of each group, as measured by methods which will be described later, are kept periodically so that the work groups can be compared with each other on how well they have achieved the quality objective. The records are even publicised in the factory. Consequently, every work group strives to be as good as the others, if not to be better. The sense of honour appeals to the self esteem of the workers. Competition makes perfect.

Thirdly, customers are served better. The idea of assigning certain customer or customers to a work group helps the group to get accustomed with the characteristics and special requirements of the customer or customers assigned to them. Each customer has its own characteristics. For example, a large department store with its own brand is different from an importer using manufacturer's brand. Besides, each one also has its special requirements as to production specifications, quality standard, and tolerance for quality, quantity, and delivery discrepancies, which are different from other customers. Having got familiar with the characteristics and particular requirements of a

customer, a work group is able to offer better and more appropriate service to the customer.

Fourthly, a work group will be easier to cope with the seasonal fluctuation of production. During slack period, there will not be sufficient orders to keep the factory running at full capacity. However, workers are still required to report to duty every day, otherwise the balanced work flow will be disturbed. Hence, quite a number of workers leave the factory because they cannot get a full day work. Consequently, the factory will have a difficult time to consolidate its work force for balanced production for most part of the slack period, and to enlarge its work force for the peak period that follows.

With small work groups, however, things will become easier because any group as a whole can be laid off for a certain period without disturbing the work flow in other work groups. The workers will be on pay in the lay off period, in which case it is a paid holiday. Or workers will receive no pay for the lay off, and this will run the risk of losing the workers who will find work in other factories. Even for the paid holiday, some workers will not come back on recall. However, it can be arranged that a worker is entitled to pay for lay off only if he returns to work for a certain period. The small work group arrangement hence stabilizes the labour force during slack period and ensure a balanced work flow, which are prerequisites for quality production.

Fifthly, the small work group arrangement helps to boost up the income of workers. Under the straight piece rate payment method, the income of a worker is determined by the wage rate (wage per dozen of production) and the quantity produced. With the wage rate more or less constant, a worker can raise his income only by increasing his quantity of production, which more often than not is at the expense of quality.

The small group plays no small part in solving this quality-quantity dilemma. In job order production, each order is somewhat peculiar from the others in styling, fabrics used, and quality standard. A worker works with slower pace at the beginning of an order, and once she gets used to it she will work with a quicker pace. In large work section where several workers work on the same production step, each one will work on less quantity of an order than in a small work group where the least number of workers work on a production step and each worker gets much more quantities from an order to work on. As a result, a worker in the small work group where the least number of workers work on a production step and each worker gets much more quantities from an order to work on. As a result, a worker in the small work group is able to work on a progressive pace for an order. She is able to increase quantity and hence increase income, without sacrificing quality. Not only is income for each worker being boosted up, but worker productivity is also improved. All these will raise the morale of workers, and stabilize the labour force.

The small work group also has shortcomings. The production time required for an order will be longer in a small group than in a large section. It also ties up more working capital in work-in-process. However, it is believed that the better achievement of the quality objective through higher morale, higher productivity, more stable work force, improved skill and methods, and more devoted willingness to strive for the quality objective on the part of workes will outweigh all the shortcomings.

Figure (4) is an example of the composition of a small work group.

2. To provide more training for workers beyond the minimum will result in greater personal involvement in the job and make a job more meaningful. Workers will take up a positive approach to their work. They are not only more capable of achieving the quality objective, but is more willing to do so.

In a small work group, team work is essential for the achievement of a common goal. The workers in such a group are more open for training. The technical training turns up more skillful workers. The training not only confines to improving the existing skill, although it bears direct relations to the quality objective. It also consists of acquiring workers with new skills, the skills in performing production steps other than those practising by the workers. This is one of the prerequisites for team work because it makes it possible for workers to interchange their work in order to maintain a balanced work flow.

Technical training is not enough, workers must also have devoted willingness to achieve the quality objective, in addition to their capability to do so. This is accomplished by another kind of training, importing knowledge to workers on the product they are making, the customers they are serving, and the organization and procedures of the factory in which they are a part.

As to knowledge on product, every worker is explained of what a quality product is. It would be impossible to advocate quality as the objective without letting everyone knows what quality is meant. Workers are then detailed on how they can contribute to this quality objective. Emphases are placed on group work as well as on individual skill. Lastly, workers are explained of the reasons why quality product is important to the factory. The assumption underlying all these explanation work is that the more workers understand the product they are making and the quality they build into it, the more willing they are, and the more effective they will work, to turn out quality products.

Workers are also detailed on the characteristics and the special requirements of the particular customers assigned to their group. There are two purposes for doing this. First, each customer is somewhat peculiar from the others in its idea of quality. It is believed that the more they can perceive this peculiarity, the more appropriate service they will render to the customer. Second, it is believed that the more the workers know of a customer, the more they will get identified with it and the more willing they will be to give it better service.

(The figures represent the minimum number of workers responsible for the production steps in each dotted area)

Knowledge in organization and procedures of the factory includes factory history, set up and structure, the whole operation of the factory, and the procedures of work and factory rules. The purpose is to familiar the workers with the organization they work so that they will have a sense of belonging. They will be more stable with their job and more efficient in carrying out their work.

3. To assign greater responsibility to workers has the same effect of giving greater self-esteem and greater job meaningfulness to workers as giving more than minimum training to them. It can be accomplished in two ways:

- (i) The first thing to do is to share with workers the responsibility of maintaining quality standard. The original practice is for management to exercise quality control by employing two quality inspectors to inspect work-in-process by random. About 10% of production is inspected. This arrangement has an adverse effect on the attitude of workers. With the employment of quality inspectors, the workers misunderstand that the responsibility for maintaining quality standard has been completely released from them and is taken up by those inspectors. Thus they approach the quality aspect of their work passively by giving out minimum quality product. As a matter of fact, the quality inspection system does more harm than good to the factory. The adverse effect of quality inspection on the attitude of workers far more outweighs its use in maintaining quality standard.

In light of above, if control imposed from without ⁱⁿ cannot maintain quality standard, why not build up control within the workers? To assign the responsibility of maintaining quality standard to workers is a way to build up control within workers. A prerequisite for this is to remove the quality inspectors. This is a sign of trust on the part of management that workers will exercise self-control in maintaining quality standard.

For self-control to be effective, however, some requirements have to be fulfilled. First, the quality objective must be well defined and clearly diffused to everybody. This is the guidepost to which all control efforts will be directed. Second, workers must be capable of achieving the quality objective. This can be accomplished through training.

Third, workers constantly receive feedback information on their performance. The quality of output is judged directly by the customers. If shipments of order are well accepted by customers, it means workers have done a good job in meeting the quality requirements of workers. If there are constantly inflow of orders from customers, this is further proof that workers have done a very good job in meeting the quality requirements of workers. If there are constantly inflow of orders from customers, this is further proof that workers have done a very good job in taking care of the quality aspect of their work. On the other hand, if customers put up complaints and claims upon receiving shipments, and if these complaints and claims refer to the

product quality, it shows that workers fail their assignment of maintaining quality standard. Periodic summary of customer reaction to shipments are presented to each work group. Management is responsible for reviewing the performance of each group for further improvement. Fourth, workers are rewarded according to their performance in maintaining quality standard. The record method will be discussed in a later section on the reward system for the company.

- (ii) Each work group is responsible for maintaining a balanced work flow at all times. A balanced work flow is very important in the process production system of shirt making. Any jam during production will prolong the production time, necessitate workers to rush their work in order to smoothen the jam, and cause those workers performing the remaining production steps to idling along waiting for work. When the production of an order or orders takes longer time than is scheduled because of the unbalanced work flow, the remaining orders scheduled to be produced in a certain period must be hurried up in order not to fail the stipulated shipments. Quality will usually be undermined in the pursuit of quality. Furthermore, when workers are fighting to smooth jams in production, their primary concern is quantity, and quality suffers. As to the workers idling along because very few work pass on to them, some will probably leave for other place to work because they do not want to suffer the loss of income. As a result, the work force will be broken up in this way, and quality will be affected.

There are different causes for unbalanced work flow. The absence of certain workers will cause work jam in certain production step or steps. Some particular production steps of a new style product will be difficult to make, and work will be slow down at those steps. Sometimes work will be wrongly done and remaking is necessary. This will also cause jam up of work. Or there are mistakes in routing of work, hence some steps are left undermanned. All these are causes for bottlenecks in production process. The original practice is for the supervisor of each section to be fully responsible in preventing these bottlenecks and in seeking out ways and means when they happen. Workers only react passively to the direction of their supervisor. As a matter of fact, the involvement of workers in preventing and smoothing production bottlenecks is both necessary and important. If workers take initiative to form an integrated work team among themselves to execute each order properly, the result will be much better than if action is taken by supervisors to maintain a smooth operation. When workers realize that it is the responsibility for each worker and each work group, they will be more than willing to reduce their absenteeism rate, to take up work on other production steps when there are work jams, and to make the most appropriate arrangement in the routing of work for each order by themselves.

The first thing to do is to assign explicitly the responsibility of maintaining a balanced work flow to each work

group. Needs for balanced work flow, pitfalls to be watched, and corrective actions that can be taken are well explained to the workers. This gives the workers a clear assignment of their work and impart to them the necessary knowledge for the carrying out of the work. Secondly, the supervisor of each work group takes up a supportive role in this respect. The supervisor constantly feeds back production information to workers; keeps on reminding the work group of any sign of trouble; recommends appropriate actions to be taken; but most important of all, allows workers to make their own decision as to what should be done. It is believed that the supervisor, because of his better position in seeing the whole operation of a work group and better knowledge in analysing the production figures, is better than the workers in pinpointing troubles and figuring out remedial actions. However, if he orders actions from workers and takes up the responsibility for his own, workers will not have the same willingness to comply with his orders than if the workers see that it is their own responsibility to take action. Third, a supervisor holds informal meetings with each of his work group to discuss progress in production. The best time for these meetings to be held is before work starts in the morning and in the afternoon. The meetings are informal in that people exchange information and ideas freely with each other, and they meet at the place where they work. A supervisor calls such meeting whenever necessary. Workers are informed of their progress of work, as well as comments and recommendation from the

supervisor. They are then led by the supervisor to make their decision on what should be done in order to maintain balanced work flow. Finally, each work group is rewarded for their performance in the maintenance of balanced work flow. Finally, each work group is rewarded for their performance in the maintenance of balanced work flow. This is for the purpose of motivation and for reinforcement of their effort spent in this respect.

4. Supervisors assumes a new role in managing workers and work. Managing workers and work are the two major functions of a supervisor. Being the first line management, how supervisors play their role has profound effect on the achievement of the quality objective. The discussion is on two directions. The first is on managing workers.

Supervisors take up a supportive role in managing workers. Unlike the original practice, by which a supervisor drags his workers along, a supervisor now put a starter into a worker and supply him with energy so that they can move by themselves. How do supervisors accomplish this?

First, workers must be capable of performing their job. So the first thing a supervisor has to do is to train up his workers. As has been noted before, the training given to workers consists of two parts: technical training and acquiring workers sufficient knowledge concerning his job. Of course, if a supervisor takes up all the training by himself, he will have little time left for other functions. Hence there are technical trainers assigned to each supervisor to assist him in carrying out technical training. However, a supervisor is responsible for the training result. He must see to it that every worker has received proper training in respect

of the quality objective. As to the other part of training, that of acquiring workers with knowledge in various aspects of their work, the workers are provided with pamphlets informing them the history and set up of the factor, its organization, work rules and work procedures. On the other hand, a supervisor is responsible for giving instructions to work groups on the meaning of a quality shirt and how they can contribute to the quality, and on the characteristics and special requirement of customers. A supervisor must always be attentive to new skills and new knowledge demanded by new styles and new customers, and pass on these to workers in time.

After giving appropriate training to workers, a supervisor must build up a work team for each work group. Since ~~process~~ production method is used, cooperation and coordination among workers within a work group is very important. A supervisor must teach the workers to perceive the relations of each one's work to the whole operation and to adjust one's own work to the others. Moreover, workers must learn to cover up each other's work for the best result. It is not an easy work for the supervisor. He must always bear in mind that it is one of his primary job to build a spirit into every work group under his supervision.

The next thing is for the supervisor to motivate each work group to strive for the achievement of the quality objective. It is believe that monetary motivation is most appropriate for workers in the factory. The administration of the monetary reward system, which will be discussed at a later section, requires the active participation of supervisors. A supervisor must be watchful of the performance of each work group and each individual worker. Unless workers realize that their work is being taken

note of by the supervisors and that their performance in respect of achieving the quality objective is carefully evaluated and awarded accordingly, the amount of effort they will exert towards the quality objective is doubtful.

These three phases in managing workers: training, building up team work, and motivation, are different from the original supervisory practice. The original role for a supervisor is to be another workman. He occupies most of his time in performing the manual tasks which can be taken over by general workers. And since the workers are ignorant as to where they are going, why they are going and how they are going, a supervisor can only drag the workers along.

Second is managing work. A supervisor must emphasize two points in this respect. First, he should emphasize the pre-production preparation work. A supervisor should study the production schedule carefully to get a full picture of the whole assignment for the period covered by the schedule. It helps the proper timing of the opening and closing of orders. Before an order is being produced, a supervisor must study it in detail. He should take note of the important points of the order and tries to derive the best way to make the order. All anticipated production problems concerning the order are thought through before hand. The availability of materials, and tools and equipments are well checked. The necessary arrangement of workers are made. The purpose of all these is to ensure a smooth and balanced production process for each order. It contrasts with the original practice by which a supervisor gives little attention to the planning work. He hence consumes a lot of time and energy in fire fighting during production because more often than not things go wrong when planning is not sufficient.

Another point that a supervisor should emphasize is to keep in close touch with other production divisions during production. The work progress in each of the three production divisions, i.e., cutting, sewing and finishing, are closely interrelated. The cutting division provides fabric materials for the sewing division to work on. In turn, the semi-finished products from the sewing division feed into the finishing division. A supervisor should make sure that his workers get sufficient materials to work on at all times and that he can supply the next working unit sufficient semi-finished products to be processed. In other words, a supervisor not only takes care of his own work but must also be attentive to how the preceding and the following work units are doing. He must adjust the work pace of his workers so that all three production divisions function in a co-ordinative manner. Furthermore, the relevant supervisors from different work units should meet from time to time to discuss matters of common interest. For example, the production method used for making certain part of a product by a work unit would affect the work of the other work unit. Or the production difficulty encountered by a division is caused by the fault of the preceding division. Troubles of this kind can be smoothed out if relevant people always keep in touch with each other to exchange informations and ideas.

In the original practice, supervisors seldom meet with each other to discuss job related matters. One of the reasons is that they are too busy with the daily routine work that they cannot spare time for meeting other management people. Another reason is that higher management seldom take the lead of such discussion, except when trouble has occurred, nor do they motivate supervisors to meet constantly. Lastly, the desire for good relation among themselves discourage the supervisor to pick up job related

matters between themselves. To change the leadership style and the reward system, which will be discussed in later sections, and to relieve supervisors from being overburdened with daily routine work by employing assistants and increasing the number of general workers, help supervisors to overcome the above handicaps.

5. A new reward system, consists of two parts, is installed in the factory for workers and salaried staff, respectively. In the original practice, paternalism and good interpersonal relationship are the two major forces used to get things done in the factory. Top management takes care of the life of his employees. He assures them job security and sufficient income to raise their family. Wage difference is based on seniority and favouritism of the top men rather than on performance. Consequently, mediocre performance prevail in the factory. Some of them even drag along with minimum performance. They only want to keep their job. There is no incentive to try hard. If people want to get a raise, they rather compete for the favour of top management than improving their performance in achieving the quality objective. On the other hand, since authority to reward is centralized in the hand of top management, management people find that the most assured way to get things done is through personal touch. Hence superiors tend to treasure their friendship with subordinates. They thus become tolerant to the undesirable performance of subordinates lest it would affect their friendship and superiors would lose their personal touch to get things done.

However, if there is a properly conceived formal reward system installed in the factory, and the administration of which is shared between top management and other management people, the total performance of the factory will be improved effectively.

Since performance is measured against objective standards and not personal liking, employees can get a raise of salary or promotion through improving his performance, and a superior is able to get better result of work from his subordinates by granting or awarding the proper reward.

The reward system is of two types, one for workers and another one for salaried staff. The reward system for workers is discussed first.

Workers. Performance of workers are carefully evaluated and given both monetary (extrinsic) rewards and providing opportunities to gain psychological (intrinsic) rewards. Additionally, performance is awarded on an individual as well as a group bases.

The present practice of a straight piece rate payment method on an individuals basis only award production speed, the quality aspect of production is not taken into account. Quality is set on a minimum standard, policed by a negligible number of quality inspector. Although supervisors are supposed to be responsible for the quality of production as well, they are either too busy with other work or too emphasize the friendly relations with workers to spoil it with tighter quality control that more often than not the quality of production is left in the hands of workers. Moreover, since in the present situation money is the only thing a worker can get from work, and that she can increase her income only by rushing for more quantity, there is no wonder that product quality always suffer. Furthermore, when workers are only rewarded as an individual, they will become self-centred and take little notice of interpersonal cooperation. In fact, closed work relations among workers is very important if good result is to be obtained in a process production system characterized by labour skill.

The new reward system can be shown in terms of a reward matrix, in Table (8), as follows:

Table 8

Reward Matrix

Monetary Rewards		Psychological Rewards	
Individual	piece rate wage payment	Recognition Appreciation Praise	} Normally confined to the individual worker
Group	1. Group quality incentive payment 2. Group bonus	Recognition Appreciation Praise	} Make known to the factory

Monetary

The use of monetary reward is on two dimensions - on an individual basis to encourage quantity and on a group basis to encourage quality and total performance. Wage payment is made to individual worker of piece rate basis, as before. In addition, two kinds of group incentive payments are introduced. They are group quality incentive payment and group bonus.

(A) Group quality incentive payment: When the shipment of an order is well received by a customer for a reasonable period, say, two months, without complaint or claim whatsoever, an amount equal to 5% of the total labour cost of a work group (in cutting, sewing and ironing respectively) is set aside and deposited in a group quality fund for that respective work group. At the end of a stipulated period, say, a quarter of a year, the total amount of the fund is distributed equally to every

member in that work group. (A new worker of the work group is paid on a pro-rata basis, and a worker leaves the work group meanwhile loses his right to share the fund.)

(B) Group Bonus: It is derived to award a work group for their total performance on the quality, quantity and delivery subgoals, for a whole year. The achievement of each subgoal is measured by an index, as follows:

Quality index: percentage of well accepted orders (no claim or complaint from customers) for the group to the percentage for the whole factory.

Quantity index: Total labour wage of the group to that of the whole factory (labour wage reflects the quantity of production).

Delivery index: Number of punctual delivery (actual shipment of an order differs from scheduled shipment within allowance) for the group to total number of orders shipped for the whole factory.

At the end of a year, a certain percentage of net profit, say, 10%, is taken out and distributed to each work group to be shared equally among its members. The total amount of bonus is first divided into three parts for each subgoal according to the weight it gives to each of them. The total bonus for each work group is the sum of amounts a work group gets according to the percentage of its respective index to the total index in each subgoal part.

Further consideration in terms of cost to the factory is given herebelow because the monetary rewards involves quite an amount of out-of-pocket payment. The three types of monetary rewards are discussed one by one.

(A) Piece rate wage payment: This is a variable cost for the factory, and is directly incorporated into the price offered. However, the new wage rates will be a little bit higher than the original ones because it is adjusted to take into account two kinds of increment. First is to compensate for the greater responsibility assigned and the added task performed by the workers. The added labour cost in this respect is counterbalanced to some degree by reducing the number of general workers employed. Second is to compensate for the added responsibility of quality control due to the deployment of quality inspectors. It must be noted that although the direct labour cost is increased because of the higher wage rate, the indirect cost is somewhat reduced by the deployment of quality inspectors and some of the general workers. In this respect, the price level is not affected, and because part of the indirect cost is shifted to direct labour cost, costing and also pricing will be easier. On the other hand, the income of workers will be increased because of the high wage rates. Workers not only derived more satisfaction from work because of increased responsibility and added task, but also higher income. This also has the added advantage of stabilizing the labour force and attract new workers to join the factory.

(B) Group quality incentive payment: It is suggested that 5% of labour cost of a well accepted order is distributed to workers of a work group as group quality incentive payment. If an average direct

labour cost of HK\$20 per dozen and an average production quality of 10,000 dozen per month are used to estimate the total direct labour cost in a month, then the 5% group quality incentive payment will amount to \$5,000 per month, if all shipments are well accepted. This is the direct out-of-pocket payment made by the factory. The purpose of this incentive payment is to encourage the work groups to take good care of quality in production. Is this cost really justified or is it merely a waste? Suppose without the incentive payment, the factory suffers claims from customers on one order each month because of inferior quality. Suppose the order is of 400 dozen and is priced HK\$80 per dozen, and that the final amount of claims is settled at 20%, the factory have to pay HK\$6,400 as compensation. Of course this is only a hypothetical case but it illustrates the point that even a moderate claim of inferior quality for one moderate size order in a month already exceeds the incentive payment made in a month, not to mention the loss if the order is totally rejected by customer. It is therefore justified in terms of cost to grant group quality incentive payment.

(C) Group bonus: The suggestion of setting aside 10% from profit per year as group bonus to award high quality performance of work group does not affect the cost of operation. It is one way to share profit among people in an organization. Originally only salaried staff are entitled for profit sharing. But as workers are also emphasized in getting better operation result, they are also entitled to the profit which they have their share of contribution.

Lastly, one more thing must be mentioned, for the monetary group rewards to be successful for their motivation purpose, the following requirements must be satisfied:

1. A stable labour force for each work group.
2. The length of time between performance and reward must be as short as possible.
3. The amount of group incentive payment must be large enough to stimulate the interest of workers. They are to be shared by group members on an equal basis to encourage collaboration in group work.

Psychological

Management must always be ready to express appreciation and to give personal praise to superior performance of an individual worker. Emphasis should be on result or performance rather than on personal characteristics or traits. Supervisors must be attentive to how the workers are doing and give due recognition whenever applicable. This is especially important when workers have exerted an extra amount of effort, especially when monetary rewards fail to give due award.

Some may think that workers should never be praised lest they would become too satisfied with their present achievement to seek for further improvement, and that to give praise to certain workers would arouse jealousy from others. As a matter of fact, whether this will happen or not depends on management's attitude and their skill of using this kind of reward. Management must be fair and impartial in giving

psychological rewards. At the time of praise management must also point to a higher aspiration level or a better standard of work. Management must impose on the workers that they must see and believe that any appreciation and praise from management is a feedback of their achievement, and that any worker is able to receive the same from management if they can do equally well.

Psychological rewards of recognition, appreciation, and praise also are applied to a work group as a whole. In this case the whole group is receiving complements from management. However, it must be emphasized that if the achievement is due to an individual worker, only she should be given psychological rewards and not her work group. Otherwise the worker will get frustrated because his own particular contribution has not been duly recognized.

On the other hand, all group rewards are made known to the whole factory so that every work group knows how they are doing and how other groups are doing. Production figures are also disclosed to everybody, so are the measurements of attainment of subgoals in quality, quantity, and delivery. It is believed that the desire for honour and the force of competition would reinforce group pressure in each group for better performance.

Salaried Staff. As has been mentioned before, the major shortcoming of the original reward system is that top management centralizes the authority of administering the rewards to employees, with the result that a superior is withheld of an effective means to motivate his subordinates. Moreover, since a superior has little say on rewarding his subordinates, his authority to order is undermined correspondingly.

Under this circumstance, a superior can only resort to personal touch to get things done through subordinates. Sometimes they even choose to take up the work himself to save trouble. This overburdens himself with too much work and reduce his efficiency. Additionally, for a superior to process personal touch on his subordinates, he must first build up friendly relationship with his subordinates. This means that he cannot be demanding on the performance of his subordinates, less it will upset the harmonious atmosphere. Consequently, medicrat performance is accepted and a superior usually has to cover up the fault of his subordinates to please him and to earn more cooperation from him.

The salary level of the factory, when compared with other factories of comparable size in the industry, is a little bit lower. Furthermore, salary adjustment is not conducted regularly. However, according to the view of top management, he thinks the salary level of the factory is more or less in line with the industry level. Workers always keep on complaining about salary because they can never be satisfied. As to the poor record of salary revision for the last few years, he explains that it is because of the unsatisfactory profit result in that period. No matter whatever reason is given by top management, employees process a very unfavourable perception on their salary, which destroys their morale and results in poor performance.

Monetary rewards given to salaried staff include monthly salary (plus double pay at year end) and bonus.

Top management must first solve the conflicting ideas with employees on the competibility of salary level within and without the factory. Although a salary survey for the industry is not practical because information on salaries is of top secret to every company,

especially Chinese company, at least the employer and employees can quote examples from their business friends in other factory to support their idea on whether the salary level of the factory is higher or lower than outside. It is believed that no matter what the result of the discussion is, an open discussion of the problem based on reasons and true examples will remove the hidden dissatisfaction and antipathy within employees, and employee morale will be restored.

Another thing which is worthy of the immediate attention of top management is to carry out salary revision regularly. The most important point is that each employee must receive a yearly salary adjustment equal to the percentage of the rise of living standard. In other words, an employee must be protected from loss of real salary. The purpose is to maintain employee morale, since people are extremely sensitive to protect their own interest. If employees find that they are suffering from loss of real salary because top management takes little care about the rise of living cost, whether they will maintain the same morale and loyalty to the factory will be doubtful. This is very important especially when the profit result of the factory is at margin. Employee morale and loyalty will have its most profound influence upon the success or failure of a business which is at a marginal situation.

The crucial part of the reward system is on its administration. How is salary revision determined? If compensation is used to improve performance, a supervisor must be given sufficient authority to determine the salary level of his subordinates, based on a proper evaluation of his performance. Only in this way can a superior gain enough power to get things done through his subordinates, without resorting to personal

touch. Reward is related to performance. And a superior is the best one to evaluate the performance of his subordinates.

At the time for salary revision, top management shall meet with the supervisory personnel to determine how well their subordinates has performed during the period under revision. A superior must show concrete data in supporting his evaluation of subordinates. In this connection personl characteristics are not important. The following Table (9) describes who evaluates whom and the performance standards used for evaluation. Each employee is informed of his evaluator and the performance standards used for evaluation.

Table 9

Evaluators and Performance Standards for Salary Revision

Position	Evaluator	Performance Standards
Super-intendent	Top Management	<ol style="list-style-type: none"> Overall result of the factory on <ol style="list-style-type: none"> production quality (in relation to order quantity) quality standard (as reflected by customers reaction) Delivery (percentage of delayed shipments to all shipments) Cost control: using standard costing Employee job satisfaction: as reflected by turnover rate, tardiness, accident rate and morale.
Assistant Super-	Super-intendent	<p>This is a personal assistant position. Evaluation will be on a more general basis. Ability to carry out instructions and get result within reasonable time is most important.</p>
Supervisor	Super-intendent	<p>Overall result of the work groups under supervision on:</p> <ol style="list-style-type: none"> Production quantity (compare with overall quantity of the factory. Also compare on a quantity per worker basis) Quality standard (quality index, re-assignment of customers of higher quality standard). Delivery (delivery index)
Clerical Staff	By the person directly reported to, be he super-intendent, assistant superintendent or supervisor, as the case may be	<ol style="list-style-type: none"> Quality and quantity of output Willingness to accept responsibility General conduct

Instead of making salary revision decisions by top management alone, a superior now plays a very important part in this respect by submitting evaluation of subordinates on predetermined performance standards and in making suggestions as to the degree of revision. In his work relations with his subordinates, he is a boss. He can motivate subordinates by granting or withholding monetary reward. Top management change his role in salary revision as a coordinator and policy maker. The determination of individual salary adjustment is left in the hand of the superior of each individual, although top management reserve the right for final approval.

Bonus is paid out at the end of a year. According to Chinese customer, bonus is distributed to employees according to the personal opinion of the employee. However, if top management can consult the management people before making up his mind, the power of a superior to reward his subordinates will be further strengthened.

In addition to monetary reward, management people should also make use of psychological reward of recognition, appreciation and praise to motivate subordinates. With regard to promotion, since the size of the factory is not large enough to offer sufficient production chance to employees, promotion should not be emphasized as a means of motivation.

6. The leadership style of top management and other management people should be changed to cope with the quality objective and the new management pattern.

Top management sets the whole atmosphere of the organization. His way of leading his people constitute a major part of the climate of the organization. Although top management has already delegated the operation authority to the superintendent, and he has inhibited himself from interfering the activities of management people, he however still indulges himself with certain practices which handicaps the achievement of the quality objective of the company.

One thing is that top management does not delegate enough^y management authority to the superintendent. He decides the rewards to his employees, only with nominal reference to the opinion of the superintendent. In this way, he deprives the superintendent a very effective way of motivating his subordinates, and compels him to resort to personal touch as substitute. This point has been discussed previously. In addition to implement a new reward system to correct the situation, as suggested in the previous section, the superintendent should also been given more authority in the employment aspect of his subordinates. He should be given authority to promote, transfer, and dismiss. He should ^{ve} has the authority to take action first, and report to top management afterwards, instead of asking for top management approval before hand, or even merely report the trouble to him. This has important implication on the perception of subordinates on the power a superintendent has. When a man is able to determine the future of other people in an organization, he is said to have real power. And it is only when one has power can he demand action from others with effectiveness. At this time personal touch is no longer required as a substitute for power. Top management must realized that by merely delegating operating power to the superintendent is not enough. He must also has power to support his

authority in demanding action from subordinates. In one way or another, power is reflected by how much one can determinate the future status and income of other people. With power, the superintendent is in a better position to direct the effort of his subordinates towards the achievement of the quality objective. Moreover, because he need not resport to personal touch, he can proceed with his work in the way he deems best, without being handicapped by the personal relation consideration.

Another thing is that top management sometimes does not observed the channel of command in dealing with his employees. Moreover, he sometimes allows his employees to bypass their superiors in contacting him for business. All these delute the authority of the management people and their status. The result is that the superior-subordinate relationship in the organization is slanted and the morale of management people undermined. Top management should by no means attend to matters which have been made responsible by his employees, unless the responsible person or persons fail to handle in a proper way, then should top management take it over. This also has the effect of strengthening the power of management people, and avoid lowering their moral, so that they can exert more effort in the pursuit of the quality objective.

On the other hand, the leadership style of other management people, the superintendent and supervisors, should also ~~been~~ changed to be more participative in nature. Originally, a supervisor decides everything of his work. Subordinates are rarely given a chance to air their opinion and give their suggestions. In this respect, a superior can hardly get across the quality objective to his subordinates, who think that the quality is irrelevant to them because they have not

taken any part in its development. To them it is an objective of the superior, not an objective of theirs. If a superior is more open to his subordinates in getting them involved in making decisions in connection of the achievement of the quality object, they will be more than willing to accept responsibility and to give better performance.

In addition, management establish and diffuse clearly defined goal to work groups, creat subgoals to measure accomplishment, and provides feedback on performance. A clearly defined goal for a work group is motivational in the sense that it provides direction to which group effort is to be concentrated. An endless routine bores every member of a group. It leads to monetony and related mental fatigue. Furthermore, a goal provides a standard for the measurement of completion and attainment. A goal can be broken down into subgoals to reinforce its motivational use. The subgoals relate to short period, and they cover a fuller extent. Moreover, individuals perform best when they receive feedback on their performance - both positive and negative - and a regular basis.

The objective of the factory is to emphasize quality and not quantity in production. This objective must be diffussed throughout the whole organization, from top management people down to every work. Top management should first meet with his management personel to establish a comprehensive set of quality standards, for every step of production. Top management must also make sure that they all understand these quality standards, and the importance of the quality objective. The managment people are then in turn required to indoctrinate the workers under their supervision the quality objective and the established quality standards. A supervisor appraise the performance of his subordinates

on how much they have attained these standards. They are informed of their progress from time to time by their superiors.

On the other hand, the progress of each work group as a whole in achieving the quality result is also measured. In respect of the work group, the degree to which their work is accepted by customers are recorded. The records are turned back to each work group periodically, and the supervisor of the group is responsible for explaining the situation to the group. The whole group join in to review the performance in the past period. Corrections are made in the future for improvement.

CHAPTER III

IMPLEMENTATION OF CHANGE

No matter how good the change proposals are, if they are not implemented properly, they will even have an adverse effect upon the result of operation. In changing the objective of the factory from quantity to quality, and in making other corresponding changes in management and operation practices for the achievement of the new objective, emphasis should not be placed on the form of the change, but more important, on the spirit of the change. Unless employees are able to change their value norm from quantity to quality, they are not likely to accept any of the change proposals which aim to achieve something against their established value norm of quantity. Hence a crucial thing to do as a prerequisite for the changes to be successfully implemented is to change the value norm of employees from the established quantity one to a new quality one.

The employees must first be persuaded of the meaning and importance of quality, and the necessity of the change. The persuasion should be based on reasons and fact.

Top management first convinces management people the imperative necessity of the change and tries to get their support. Top management calls formal meetings with his management people, draws their attention to the relevant environmental changes, reviews external as well as internal data, and holds extensive discussion on possible remedies. The point is

that top management manifests the environmental changes and their effects as a serious crisis, which is going to endanger the survival of the factory. He should also expressed vividly to his subordinates that if the change from quantity emphasis to quality emphasis is not successful, the factory will properly be forced to be closed down. It is believed that since most of the management people have been with the factory long, and that they want to keep their job with the factory, they can hardly afford to risk the loss of their job to cling to their old belief on quality.

After affecting change of the value norm on management people, the next thing is to introduce the change proposals to them. It can be conceived that because of the education background, age, and working experience of the management people, most of them will find it difficult to accept the change proposals. Unless management people understand and accept the proposals, they cannot carry out the changes effectively. The change cannot be ordered, neither can they be bribed. It can only be accomplished through education. A short series of lectures on the change proposals is organized for the management people. Top management, or a person appointed by him, will conduct the course.

The purpose of the course is not only to introduce and explain the change proposals to management people but also to answer questions from them, remove their doubts, polish the proposals, and formulate steps of action.

After commitment of management people to the change has been obtained, the next thing is to convince the workers. However, it must be noted that the situation for workers is different from that of

management people. While the latter is more steady with their work, the mobility of the former is high. The workers will properly leave the factory if they find that they cannot accept the change. Furthermore, the workers are less concern with business conditions or crisis. They care more about their personal interest. If workers think that they will suffer from the change, there will certain be resistance from the workers. So when introducing change to workers, their resistance should first be anticipated.

The first thing that worries workers in connection with the change is their income. Since the rewards to workers is based on their quantity of production, it is natural for them to fear that their income will be reduced if emphasis is shifted to a quality. As a matter of fact, at the early stage of change, the income of workers will drop considerable until they grow accustomed to the new production requirements and the new arrangement of work. This is the most critical period because workers will properly misunderstand that this is the effect of the change. Management must remove the fear from workers and help them to pass the transitional period of loss income. It is believed that explanations and verbal assurance, no matter how true they are, make little sense to workers. A workable way is to offer guarantee wage to them. Management guarantee that the income for each worker for a payment period (two weeks) will not be less than the average amount in the three months preceding the change. This means that management absorb the loss due to reduction of production quantity during the change process.

Another thing is that the change will require a change of working habit on workers. Originally, they only have to move fast to rush for quantity. They make little use of their brain while working.

They are just a part of machine. But the change requires them to be more skillful. They are required to polish their workmanship from time to time. They have to work with slower movement, and use more of their brain. Some workers will hate to change their work habit, and hence resist the change.

In addition to the working habit, the social status of workers in the organization is also affected. When only quantity counts in production, those who can work quicker than others enjoy a higher status. But if emphasis is shifted to quality, those with better workmanship will get higher status. Consequently, those who now possess higher status properly will resist the change. Moreover, the quality prob workers are very likely to be the informal leaders among workers. They will have profound influence upon the other workers if they have an unfavourable attitude against the change.

If the workers are carefully analyzed, it can be found that three different kinds of worker can be distinguished. One kind of worker can be called quantity prob workers. They are relatively swift in their body movement. Most of them are of younger age and are less skillful. The straight piece rate payment system also reinforces their favour for speed. The other kind of workers can be called quality prob workers. They are usually of older age, have been in the trade long, and are considerable skillful with their work. They are more or less of the idea that quality gives them more satisfaction in work. The third kind of workers are those who are both good at quantity and quality, or those not yet developed into a steady mode. They are called indifferent workers. The quantity prob workers are most likely to resist the change

because their work habit and social status are most likely to be affected. They need longer time to accept the change and get accustomed to it.

The quantity prob workers are grouped into a large work section as before. Change will be introduced to them in a slower pace. They will be given greater attention in effecting the change. As to the quality prob and indifferent works, they are combined together to form small work groups. In grouping, two points should be noted: First is that whenever possible, friends are included in a same group. Workers are also allowed to make their own choice. This offers a better basis to develop group cohesiveness and loyalty. Another thing is that each group should compose of the same proportion of quality prob workers and indifferent workers. It is intended to allow interaction between these two kinds of worker so that the indifferent workers will become quality prob workers too.

The introduction of change to workers should begin with a propaganda of the quality objective in the factory. Declaration of the adoption of quality as the new objective of the company are made known to every worker through formal notice, reading materials, informal talk by supervisors, and the like. Unless everyone in the factory are well informed of the quality objective and are convinced of the determination of management to effect the change, people will not pay sufficient attention in carrying the change.

In summary, to implement the change, top management first change the value norm of management people by manifesting the crisis imposed by changing external conditions. A course is conducted to introduce the change proposals to management people. After that a propaganda of the

new quality objective is directed towards workers. The change is first applied to the quality prob workers and indifferent workers. Change will be introduced to the quantity workers in a slower pace. A guarantee wage is administered to the workers experiencing change in small work groups.

It must be noted that the time required for the change will not be short. It is estimated that it takes at least two years to establish the quality objective in the factory. Moreover, in term of cost, the price for the change is not low. The factory must also prepare to lose some management people and workers who do not want to subject to the change.

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從研究一間香港華資製衣廠之實例以求改進組織之工作成效

本港工業，經過二十多年之發展，已頗具規模。無論工廠數目，工人數目，以及出口總值，增有增無已。惟與此同時，內外壓力亦愈增，因而影響企業之營利能力：諸如企業規模日趨龐大與複雜，海外市場之輸入限制，以及本地勞工之缺乏是。此等壓力使香港之企業家不得不對其企業之經營績效重加檢討，並謀求改善之道，俾能繼續維持發展。由於紡織製衣業為本港工業結構中一極重要成份，故特選擇一間中型華資製衣廠作為研究對象，以收見微

知著之故。本文首先分析該廠之組織、業務、作業過程、文化背景、領導方式、及組織行為，繼而根據以上之分析資料，訂定組織目標，提出適當之改變措施；最後對該等措施之執行，提出具體辦法，以收預期效果。

該廠為一製衣業集團之附屬製造廠，專門生產中價襯衣，運銷歐美市場。全廠面積一萬餘平方呎，僱工達二百餘人。該廠生產過程，共分三大部門：即裁床、車衣、及熨摺裝璜，其中車衣部門又分為四個車衣組，每組六十餘人。集團之主腦人兼任該廠之最高決策人，日事廠務則由總管負責，由兩位副總管輔助之。其下有十位管理員，分

別負責管理各工作單位，工作崗位之劃分，並無明文規定。權力集中於最高決策人，授權並不明顯，一般而言，下屬享有相當之作業權力，至行政權力則大部份保留於最高決策人手中，訊息傳遞以直接口頭方式進行，下行訊息傳遞佔最重要地位，上行及平行者絕少。管理人之工作甚為繁重，年齡多在四十歲以上，並擁有相當之年資，具有中學及小學教育程度者，各佔其半，一般而言，管理人之新給水平，較同行為低，薪金調整有限，且調整時間並不規則，公司目標並無明文宣示，因而每一工作人員各有自己之想法，每月生產排期表及船期表，為唯一之正式計劃。

每日生產數量雖有統計，以求控制數量，但管理人甚少以此等數字作為應採行動之張本。

該廠生產中價男女成人及小童襯衣及小量時裝，先接單後生產，一九七一年內，有百分之四十六訂單其每單訂量在五百打以下，此一百分數在一九七二年上半年內更增為百分之六十九。全年每月所接訂單之數目及數量，以及生產數量及付貨數量，互不相同，大體上每年有二旺季，五月至七月為一旺季，接冬令訂單，十一月至翌年一月為另一旺季，接夏季訂單。

生產過程主要分三大部門：裁牀，車衣，及熨摺裝璜

，裁牀工人皆為年青男工，取包工制；車衣工人皆屬女性；壓摺裝璜工人均屬男性，為數不多。全廠工作依每月編製之生產排期表進行，每日收集統計數字以控制生產，並有兩位檢查員負責品質控制。

最高主管人着重父親式管理，樂於創新，自視才能高於屬下，喜用較小管理幅度。總管在組織中之位置處於最高主管人及管理員之間，主要任務為執行最高主管人之決策。但對行政方面並無實權，只有影響力。處事較獨裁，鮮有給予下屬參予意見之機會，為一典型之生產至上管理人員。管理員直接管理工人，由於現時勞工缺乏，管理員只

能借助個人關係以影響工人，使其服從命令，工人甚少有機會對其工作發表意見，管理人採用嚴密管理方式。

工人之作業崗位固定，工人與工人間之接觸甚少，絕少談及工作方面之問題。工齡較高之工人每多對新人加以排斥，工人及管理員間之接觸更少，工人普遍對其工作不感興趣，對組織缺乏歸屬感。管理人員之間彼此極力尋求和洽之關係，因大多數管理人皆服務多年，互相認識，且預期繼續服務下去。

該廠對於管理之目標，上下級間存有不同之見解。前此該廠利用香港低廉勞力製造低價產品，廉價推銷海外市

場，但由於近年外國之入口限制，人工成本高漲，鄰近地區之競爭，以及原有市場對高價產品之需求日增，因此，該廠需轉向生產高級產品。惟大部份管理人員仍維持昔日着重產量、忽視品質之作風。基於以上原因，該廠之目標應為：「改變生產重點由着重數量變為着重品質」。

為達成上述目標，下列六點需逐一推行，以收實效。

- 一、原車衣部門之四個車衣組，應改為多個小型車衣組，並使其能擔任整個訂單之車縫工作。
- 二、提供足夠之工人訓練，此等訓練應包括技術訓練及講解產品、買家、廠方組織及工作程序等訓練。

三、加重每個車衣組及每個工人之責任，包括維持品質標準及維持均衡之生產過程。

四、管理人對工作及工人之管理，應採新方式，在工作管理方面，應着重事前預備工作以及加強與其他有關部門之聯繫，在工人管理方面，應着重支持性之督導機能，包括加強工人訓練、建立團體意識、激勵工人努力達成品質目標，以及考核工人工作成績等。

五、施行新報酬制度，工人之報酬應包括金錢及心理上之報酬，職員之報酬則根據其對品質之貢獻而定。

六、領導方式應由集中領導轉為分散領導。

欲求此等措施獲得有效實施，首先須使員工改變價值觀念，接受新的組織目標。最高主管人於必要時可將業務所面臨之危機加以渲染，然後經由一系列之演講及討論，使員工了解措施方面之改變。

其次應爭取工人的合作，工人對於措施之改變會有三種反應：（一）顧慮本身收入會受到影響，應付之道為設立保證工資制度，保證工人收入在轉變初期不會發生損失；（二）對工作由重數量變為重品質有所反抗；（三）工人間之相對地位有所改變，因而產生不滿。應付後兩種反應，可用下述方式：先將工人分為三大類，較偏重品質者，較偏重數

量者，以及中立者；然後就偏重品質者及中立者先行設法加以改變，再及於偏重數量者，如此可以收事半功倍之效。

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